351.411, as well as for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. We made COS adjustments for imputed credit expenses and warranty expenses. We also made an adjustment, where appropriate, for the CEP offset in accordance with section(a)(7)(B) of the Act. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with sections 773(a)(6) (A) and (B) of the Act.

F. Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Act, we based NV on CV if we were unable to find a home market match of such or similar merchandise. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act. For comparisons to EP, we made COS adjustments by deducting home market direct selling expenses and adding U.S. direct selling expenses. Where we compared CV to CEP, we deducted from CV the weighted-average home market direct selling expenses. We also made an adjustment, where appropriate, for the CEP offset in accordance with section 773(a)(7)(B) of the Act.

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(a) of the Act.

Verification

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

Suspension of Liquidation

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directing the U.S. Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**.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

Exporter/manufacturer	Weighted-average margin (Percentage)
Mexinox	23.27
All Others	23.27

Commission Notification

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

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. *See* 19 CFR 351.309. 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. *See* 19 CFR 351.310. 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, D.C. 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief. *See* 19 CFR 351.310(c). We intend to issue our final determination in this investigation no later than 135 days after the publication of this notice in the **Federal Register**.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act and 19 CFR 351.205 (c).

Date: December 17, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–34465 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–427–814]

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

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

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Doug Campau or Robert Bolling, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–3964 or (202) 482–3434, 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, (May 19, 1997).

Preliminary Determination

We preliminarily determine that Stainless Steel Sheet and Strip in Coils (''SSSS'') from France is being, or is likely to be, sold in the United States at less than fair value (''LTFV''), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the ''Suspension of Liquidation'' section of this notice. The Department used the data submitted December 1, 1998 in its analysis.

Case History

On July 13, 1998, the Department initiated antidumping duty

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

The Department set aside a period for all interested parties to raise issues regarding product coverage. On July 27, 1998, Allegheny Ludlum Corporation, Armco, Inc.,[1] J&L Specialty Steel, Inc.,[2] Washington Steel Division of Bethlehem Steel Corporation (formerly Lukens, Inc.), the United Steelworkers of America, AFL–CIO/CLC , the Butler Armco Independent Union[3] and the Zanesville Armco Independent Organization, Inc.[4] (''petitioners'') submitted comments to the Department stating that they generally agree with the Department's product characteristics and model match criteria. However, petitioners noted that the products' actual alloy content, within certain ranges, must be incorporated from the outset into the product characteristics that comprise the product matching hierarchy that create the control numbers (CONNUMs). Additionally, on July 27, 1998, respondent Usinor submitted comments stating that the order and categories of some of the elements should be modified to ensure that the Department's model matching criteria appropriately identify identical and like products, consistent with the statute. Further, on July 28, 1998, respondent submitted additional comments on its product specification information regarding certain products (i.e., Durphynox 17 and Gilphy 36). On December 3, 1998, petitioners submitted additional comments, pertaining to all of the pending SSSS investigations, detailing for the Department the appropriate basis for product comparison when matching sales of non-identical merchandise. On December 4, 1998, petitioners submitted additional comments, specific to the French SSSS case, on the additional finish information provided by Usinor. On December 7, 1998, Usinor submitted comments arguing that the Department should disregard concerns articulated by petitioners in their letters of December 4th and 7th, 1998. However, Usinor misinterprets the purpose of the early deadline for commenting on model matching. The purpose of that deadline is not to cut off comment on all model match related issues, but rather to let parties know the date by which they must respond in order to ensure that their comments are considered in formulating initial questionnaires. In this way the Department tries to avoid situations in which parties point out relevant matching criteria too late for the Department to gather necessary data. Petitioners' December comments do not propose gathering new types of information, but rather suggest other ways to arrange the criteria already reported. Depending on the content, such general comments are subject to the deadlines of new factual information, or for legal arguments. 19 CFR 351.301 and 351.309, respectively.

On July 24, 1998, the United States International Trade Commission (''ITC'') notified the Department of its affirmative preliminary injury determination in this case. Additionally, on August 5, 1998, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is being materially injured or is threatened with material injury by reason of imports of the subject merchandise from France (63 FR 29250).

On August 3, 1998, the Department issued an antidumping duty questionnaire to Usinor and Imphy, S.A. On September 9, 1998, the Department received Usinor's response to Section A of the questionnaire. In this response, Usinor stated that it made sales in the home market through its Ugine division, and through Bernier SNC (Bernier) and Ugine-Service SAS (Ugine-Service), and in the U.S. market through its affiliate Uginox. Additionally, on September 29, 1998, the Department received Usinor's responses to Sections B, C, D, and E of the questionnaire. On September 29 and October 14, 1998, petitioners filed comments on Usinor's questionnaire responses. On October 20, 1998, we issued a supplemental questionnaire to Usinor for Sections A, B, C, D, and E. On November 12 and December 1, 1998, we received Usinor's responses to the Department's supplemental questionnaire. On December 2, 1998, petitioners filed comments to the upcoming preliminary determination with respect to Usinor's sales and confirmation dates.

On August 31, 1998, in a letter to the Department, respondent Usinor requested that it not be required to report downstream sales in France by Bernier or Ugine-Service, or sales in the United States by Edgcomb Metals, Inc. (Edgcomb). Usinor requested that it not be required to report downstream sales in France because Bernier's and Ugine-Service's relevant resales: (1) represent approximately five percent of sales in France during the POI; (2) are all at a different level of trade from United States sales; (3) for the most part are not likely to match U.S. sales; and (4) would entail a disproportionately large effort to report. Additionally, Usinor also requested that it not be required to report sales in the United States by Edgcomb, an affiliated processor/reseller. Usinor stated that the majority of Ugine's sales of SSSS in the United States are made by Uginox, a wholly-owned subsidiary of Usinor, and that during the POI, Uginox sold a small quantity of SSSS to Edgcomb. Also, Usinor argues that while Edgcomb is affiliated with Usinor, since January 1, 1998, Usinor only indirectly owns 28.5% of its shares through its control of Sollac, which is wholly owned by Usinor.[5] Usinor asserts that Edgcomb should not be regarded as affiliated with Uginox because Uginox and Edgcomb are not under common control, and neither Uginox nor Edgcomb controls the other. On September 11, 1998, in a letter to the Department, petitioners contested Usinor's request for exemption from reporting certain home market and U.S. sales. In the home market, petitioners argue that Usinor misapplied the Department's five percent test[6] by calculating the percentage of sales made by affiliated buyers to their unaffiliated customers rather than calculating the percentage of sales made by Usinor to all of its affiliated customers. On October 19, 1998, we determined that Bernier and Ugine-Service were required to report their home market downstream sales, and that Edgcomb was required to report its U.S. downstream sales. *See Decision Memorandum from Roland MacDonald, Office Director, Office VII to Joseph A. Spetrini, Deputy Assistant Secretary,* Group III, dated October 19, 1998. *See also, Affiliation Memorandum from Case Analysts to Roland MacDonald,* dated December 14, 1998.

On October 6, 1998, pursuant to section 733(c)(1)(A) of the Act, the petitioners made a timely request to

[1] Armco, Inc. is not a petitioner in the Mexico case.

[2] J&L Specialty Steel, Inc, is not a petitioner in the France case.

[3] Butler Armco Independent Union is not a petitioner in the Mexico case.

[4] Zanesville Armco Independent Organization, Inc. is not a petitioner in the Mexico case.

[5] Prior to January 1, 1998, Unisor indirectly owned 49% of Edgcomb through its wholly-owned subsidiary Sollac.

[6] The Department's practice of not requiring the reporting of downstream sales for purposes of determining normal value if the firm in question does not have sales of the foreign like product over five percent to its affiliated customers.

postpone the preliminary determination for thirty days. The Department determined that this investigation is extraordinarily complicated and that the additional time is necessary for the Department to make its preliminary determination. On October 15, 1998, we postponed the preliminary determination until no later than December 17, 1998. *See Notice of Postponement of Preliminary Antidumping Duty Investigations of Stainless Steel Sheet and Strip in Coils: from France, Germany, Italy, Japan, Mexico, South Korea, Taiwan and the United Kingdom,* 63 FR 56909 (October 23, 1998).

Finally, Imphy S.A. reported that it did not produce or sell subject merchandise. *See* Memorandum from *Robert James, to Joseph A. Spetrini, Deputy Assistant Secretary through Roland MacDonald, Office Director, Office VII, Richard Weible, Office Director, Office VIII, Edward Yang, Office Director, Office IX,* Group III, dated December 14, 1998.

Scope of Investigation

For purposes of this investigation, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.,* cold-rolled, polished, aluminized, coated, *etc.*) provided that it maintains the specific dimensions of sheet and strip following such processing.

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

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

In response to comments by interested parties the Department has determined that certain specialty stainless steel products are also excluded from the scope of this investigation. These excluded products are described below:

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

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

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

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this investigation. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[7]

Certain electrical resistance alloy steel is also excluded from the scope of this investigation. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting

[7] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[8]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this investigation. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[9]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this investigation. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[10] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''.[11]

Period of Investigation

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

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to Section 735(a)(2) of the Act, on November 25, 1998, Usinor requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of an affirmative preliminary determination in the **Federal Register**, and extend the provisional measures to not more than six months. In accordance with 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) Usinor accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the respondent's request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by Usinor covered by the description in the *Scope of Investigation* section, above, and sold in France during the POI, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on nine characteristics to match U.S. sales of subject merchandise to comparison sales of the foreign like product (listed in order of preference): grade, hot/cold rolled, gauge, finish, metallic coating, non-metallic coating, width, tempered/tensile strength, and edge trim. The Department's questionnaire authorized respondents to make distinctions (sub-codes) within some of these characteristics, but not within others. For certain product characteristics (*i.e.*, finish and coating) Usinor reported additional sub-codes which were specifically permitted by the Department's questionnaire. However, Usinor also reported additional sub-codes in its hot/cold rolled, and tempered product characteristic categories. These are characteristics for which the Department's questionnaire did not explicitly permit sub-codes. Nevertheless, for this preliminary determination, the Department has included the additional codes that Usinor reported in the aforementioned categories in the Department's product matching methodology. *See* Analysis Memo from Doug Campau to The File, dated December 17, 1998. We will further review Usinor's distinctions within characteristics to determine their appropriateness for the final determination. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the antidumping duty questionnaire and the August 3, 1998, reporting instructions.

Date of Sale

In the home market and U.S. market, Usinor has reported date of sale as the invoice date. Based on information reported in Usinor's questionnaire response, it appeared that the date of the order confirmation may be the appropriate date of sale. On October 14, 1998, petitioners requested that the Department inquire further into how Usinor reported its date of sale. Given the relevance of petitioners' comments and the nature of marketing these types of made-to-order products, petitioners' claims have some merit. Consequently, on October 20, 1998, the Department requested sales data bases reported on that basis. On November 2, 1998, Usinor submitted a letter requesting that the Department not require the submission of order confirmation date data because the companies' record keeping systems were not equipped to report order acknowledgments, in some cases because order acknowledgments were not generated, and in some cases because they were routinely purged from the involved databases. Furthermore, Usinor reported that the essential terms of the companies' orders change between the date of order acknowledgment and the invoice date for most, but not all, of its U.S. and home market sales. On December 1, 1998, Usinor provided the Department

[8] ''Gilphy 36'' is a trademark of Imphy, S.A.

[9] ''Durphynox 17'' is a trademark of Imphy, S.A.

[10] This list of uses is illustrative and provided for descriptive purposes only.

[11] ''GIN4 Mo'', ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

with a database containing sales by order confirmation date. On December 2, 1998, petitioners submitted a letter stating that Usinor misrepresented its date of sale data by reporting invoice date instead of order date. Petitioners contend that Usinor's material terms of sale do not change but for changes to sales tolerance levels.

Section 351.401(i) of the Department's regulations states that the Department will normally use the date of invoice, as recorded in the exporter's or producer's records kept in the ordinary course of business, as the date of sale. The preamble to the Final Rules (the ''Preamble'') provides an explanation of this policy and examples of when the Department may choose to base the date of sale on a date other than the date of invoice. See 62 FR at 27348–49 (May 19, 1997). For the reasons given in the November 2, 1998 letter discussed above, Usinor has argued that invoice date should be considered the proper date of sale. In accordance with 19 CFR 351.401(i), where appropriate, we based date of sale on invoice dates recorded in the ordinary course of business by the involved sellers and resellers of the subject merchandise. However, we intend to fully verify information concerning respondent's claims that invoice date is the appropriate date of sale. Based on the outcome of our verification, we will determine whether it is appropriate to continue to use the date of invoice as the date of sale. We will consider, among other things, whether, in fact, there were any changes to the material contract terms between the original order confirmation and the date of invoice. *See e.g., Notice of Final Results of Antidumping Duty Administrative Review: Canned Pineapple Fruit from Thailand*, 63 FR 7392 at 7394–95 (February 13, 1988).

Fair Value Comparisons

To determine whether sales of SSSS from France to the United States were made at LTFV, 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 CEP sales for comparison to weighted-average NV sales or CV sales.

Constructed Export Price

We calculated CEP in accordance with section 772(b) of the Act because the first sales to an unaffiliated purchaser took place after the subject merchandise was imported into the United States.

We based CEP on the packed ex-warehouse or delivered prices to unaffiliated purchasers in the United States. Where appropriate, we made deductions from the starting price for discounts, credit, warranty expenses, and commissions. We also made deductions for the following movement expenses, where appropriate, in accordance with section 772(c)(2)(A) of the Act: inland freight from plant to distribution warehouse, inland freight from plant/warehouse to port of exportation, international freight, marine insurance, U.S. inland freight from port to warehouse, U.S. inland freight from warehouse to the unaffiliated customer, U.S. inland insurance, U.S. warehouse expenses, and U.S. Customs duties. In accordance with section 772(d)(1) of the Act, we deducted selling expenses associated with economic activities occurring in the United States, including direct selling expenses, inventory carrying costs, and other indirect selling expenses. We recalculated credit expenses for those sales with missing payment dates because payment has not yet been made. For sales with missing payment dates, the Department set the date of payment as the projected preliminary results date. For a further explanation, see Analysis Memo from Doug Campau to The File, dated December 17, 1998. We also adjusted the starting price for billing adjustments to the invoice price. For products that were further manufactured after importation, we adjusted for all costs of further manufacturing in the United States in accordance with section 772(d)(2) of the Act. We deducted the profit allocated to expenses deducted under section 772(d)(1) and (d)(2) in accordance with sections 772(d)(3) and 772(f) of the Act. In accordance with section 772(f) of the Act, we computed profit based on total revenues realized on sales in both the U.S. and home markets, less all expenses associated with those sales. We then allocated profit to expenses incurred with respect to U.S. economic activity (including further manufacturing costs), based on the ratio of total U.S. expenses to total expenses for both the U.S. and home market. In our U.S. CEP calculation, we included all downstream sales from Edgcomb and Hague Steel Corp. (Hague) reported in respondent's December 1, 1998 submission.

Normal Value

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

1. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was 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 greater than or equal to 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. Because Usinor's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was viable. We therefore based NV on home market sales.

2. Cost of Production Analysis

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

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of Usinor's cost of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses, interest expenses, and packing costs. We relied on the COP data submitted by Usinor in its original and supplemental cost questionnaire responses. For this preliminary determination, we did not make any adjustments to Usinor's submitted costs.

B. Test of Home Market Prices

We compared the weighted-average COP for Usinor to home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices below the COP, we examined whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of

trade, in accordance with section 773(b)(1)(A) and (B) of the Act. On a product-specific basis, we compared the COP to home market prices, less any applicable billing adjustments, movement charges, discounts, 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 Usinor'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 Usinor's sales of a given product during the POI were at prices less than the COP, we determined that such sales have been made in ''substantial quantities'' within an extended period of time, in accordance with section 773(b)(2)(B) of the Act. In such cases, because we use POI average costs, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Therefore, we disregarded the below-cost sales. Where all sales of a specific product were at prices below the COP, we disregarded all sales of that product.

D. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of Usinor's cost of materials, fabrication, G&A, U.S. packing costs, direct and indirect selling expenses, interest expenses and profit. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by Usinor in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we used the actual weighted-average home market direct and indirect selling expenses.

Price-to-Price Comparisons

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

We calculated NV based on prices to unaffiliated home market customers. Where appropriate, we deducted discounts, rebates, credit expenses, warranty expenses, inland freight, inland insurance, and warehousing expense. We also adjusted the starting price for billing adjustments and freight revenue. We also made adjustments, where applicable, for home market indirect selling expenses to offset U.S. commissions in CEP comparisons.

We recalculated credit expenses for those sales with missing payment dates. For sales with missing payment dates, the Department set the date of payment to the projected preliminary results date. We also recalculated indirect selling expenses incurred by Ugine, subtracting indirect selling expenses not clearly attributable to the scope merchandise. *See* Analysis Memo from Doug Campau to The File, dated December 17, 1998. In our home market NV calculation, we included all downstream sales from Bernier and Ugine-Service reported in respondent's December 1, 1998 submission.

For reasons discussed below in the ''Level of Trade'' section, we allowed a CEP offset for comparisons made at different levels of trade. To calculate the CEP offset, we deducted the home market indirect selling expenses from normal value for home market sales that were compared to U.S. CEP sales. We limited the home market indirect selling expense deduction by the amount of the indirect selling expenses deducted in calculating the CEP as required under section 772(d)(1)(D) of the Act.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Tariff Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. We calculated CV based on the costs of materials and fabrication employed in producing the subject merchandise, SG&A, and profit. In accordance with section 773(a)(2)(A) of the Tariff Act, we based SG&A expense and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in France. For selling expenses, we used the weighted-average home market selling expenses. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Tariff Act. We deducted from CV the weighted-average home market direct selling expenses and allowed a CEP offset adjustment (see ''Level of Trade'' section).

Arm's-Length Sales

Usinor reported that it made sales in the home market to affiliated end users. Sales to affiliated customers in the home market not made at arm's length were excluded from our analysis. To test whether these sales were made at arm's length, we compared the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, discounts and packing. Where prices to the affiliated party were on average 99.5 percent or more of the price to the unrelated party, we determined that sales made to the related party were at arm's length. Where no affiliated customer ratio could be calculated because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's length and, therefore, excluded them from our analysis. *See Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from Argentina*, 58 FR 37062, 37077 (July 9, 1993). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made comparisons to the next most similar model.

Level of Trade

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

To determine whether NV sales are at a different LOT than EP or CEP, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison market sales are at a different LOT, and the difference affects price comparability as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison market sales at the LOT of the export transaction, we make a 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 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, 61732 (November 19, 1997).

In reviewing the selling functions reported by the respondents, we examined all types of selling functions and activities reported in respondent's questionnaire response on LOT. In analyzing whether separate LOTs existed in this review, we found that no single selling function was sufficient to warrant a separate LOT in the home market. See Antidumping Duties; Countervailing Duties, Final Rule, 63 FR 65347 (November 25, 1998).)

We determined that Usinor sold merchandise at two LOTs in the home market during the POI. One level of trade involved sales made through two channels: 1. Sales by Usinor's Ugine division, directly to unaffiliated service centers or end users (Channel 1), and 2. Sales made by Usinor's Ugine division, with the assistance of Ugine-Service in its capacity as sales agent, to unaffiliated service centers or end users (Channel 2). The second level of trade involved sales from Ugine to Usinor's affiliates, Ugine-Service and Bernier, together with subsequent resales by those affiliates to unaffiliated end users (Channel 3). From our analysis of the marketing process for these sales, we determined that sales through Channel 3 were made at a more remote marketing stage than that for sales through Channels 1 or 2. *See Memorandum from Doug Campau to Roland MacDonald,* dated December 12, 1998, on file in Import Administration's Central Records Unit, Room B–099, U.S. Department of Commerce, 14th & Constitution Avenue, NW., Washington, DC. We also found significant distinctions in selling activities and associated expenses between the sales through channel 3 and those through channel 1 or 2. Based on these differences, we concluded that two LOTs existed in the home market.

In order to determine whether separate LOTs actually existed between the U.S. and home market, we reviewed the selling activities associated with each channel of distribution. Usinor only reported CEP sales in the U.S. market. Because all of Usinor's CEP sales in the U.S. market were made through Uginox, there was only one level of trade. For these CEP sales, we determined that fewer and different selling functions were performed for CEP sales to Uginox than for sales at either of the home market LOTs. In addition, we found that the home market sales were at a more advanced stage of distribution (to end-users) compared to the CEP sales (to the affiliated distributor).

We examined whether a LOT adjustment was appropriate. The Department makes this adjustment when it is demonstrated that a difference in LOTs affects price comparability. However, where the available data do not provide an appropriate basis upon which to determine a LOT adjustment, and where the NV is established at a LOT that is at a more advanced stage of distribution than the LOT of the CEP transactions, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). We were unable to quantify the LOT adjustment in accordance with section 773(a)(7)(A) of the Act, as we found that neither of the LOTs in the home market matched the LOT of the CEP transactions. Because of this, we did not calculate a LOT adjustment. Instead, a CEP offset was applied to the NV–CEP comparisons. *See Memorandum from Doug Campau to Roland MacDonald*, dated December 12, 1998, on file in Import Administration's Central Records Unit, Room B–099, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C.

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 CEP, 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)
Usinor	11.73
All Others	11.73

ITC Notification

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

Public Comment

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

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

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

Dated: December 17, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–34466 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–834]

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

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

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Maria Dybczak (Pohang Iron and Steel Company, Ltd. (''POSCO'')), Brandon Farlander (Inchon Iron & Steel Co., Ltd. (''Inchon'')), or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1398 (Dybczak), (202) 482–0182 (Farlander), or (202) 482–3818 (Johnson).

The Applicable Statute

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

Preliminary Determination

We preliminarily determine that stainless steel sheet and strip in coils (''SSSS'') from South Korea is being, or is likely to be, sold in the United States at less than fair value (''LTFV''), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

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

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

In July 1998, the Department requested information from the U.S. Embassy in South Korea to identify producers/exporters of the subject merchandise. On July 21, 1998 the U.S. Embassy in South Korea responded to the Department's request for this information. Also, on July 21, 1998, the Department requested comments from petitioners and other interested parties regarding the criteria to be used for model matching purposes. On July 27, 1998, petitioners submitted comments on our proposed model matching criteria.

On July 24, 1998, the United States International Trade Commission (''ITC'') notified the Department of its affirmative preliminary injury determination in this case. On August 3, 1998, the Department subsequently issued its antidumping questionnaire to the following respondents: Pohang Iron and Steel Co., Ltd. (''POSCO''); Inchon Iron and Steel Co., Ltd. (''Inchon''); Taihan Electric Wire Co., Ltd. (''Taihan''); Sammi Steel Co., Ltd. (''Sammi''); and Dai Yang Metal Co., Ltd. (''Dai Yang''). On August 7, 1998, Sammi submitted a letter to the Department stating that it did not export the subject merchandise to the United States during the period of investigation (''POI''), with a request that it be excluded from further participation in the investigation.

POSCO, Inchon, Sammi, and Dai Yang submitted responses to section A of the questionnaire on September 8, 1998. Taihan did not respond to section A of the Department's questionnaire. On September 21, the Department issued a decision with regard to selection of respondents in the above-mentioned investigations (*see Memorandum to Joseph A. Spetrini*, dated September 21, 1998). On the basis of the analysis detailed in the memorandum, the Department chose three mandatory Korean respondents for the investigation: POSCO, Inchon, and Taihan. POSCO submitted responses to sections B through D on September 23, 1998. Taihan did not respond to sections B through D of the Department's questionnaire. Inchon submitted responses to sections B and C on September 23, 1998, and to section D on September 25, 1998. Petitioners filed comments on POSCO's section A through D responses on October 13, 1998, and October 21, 1998. Petitioners filed comments on Inchon's section A on September 21, 1998; to sections B and C on October 14, 1998; and to section D on October 16, 1998. We issued supplemental questionnaires for sections A, B and C to POSCO on October 23, 1998, and October 27, 1998. In addition, we issued a supplemental questionnaire to POSCO for section D on October 20, 1998. We issued supplemental questionnaires for sections A, B, C, and D to Inchon on October 26, 1998. POSCO responded to our supplemental questionnaires for sections A, B and C on November 23, 1998, and to our supplemental questionnaires for section D on November 17, 1998. Inchon responded to our supplemental questionnaires for sections A, B, C, and D on November 19, 1998.

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