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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–803, A–570–803]

Preliminary Results of Full Sunset Reviews: Bars and Wedges and Hammers and Sledges From the People's Republic of China

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

ACTION: Notice of Preliminary Results of Full Sunset Reviews: Bars and Wedges and Hammers and Sledges from the People's Republic of China.

SUMMARY: On July 1, 1999, the Department of Commerce (''the Department'') initiated sunset reviews of the antidumping duty orders on bars and wedges and on hammers and sledges from the People's Republic of China (''PRC'') (64 FR 35588) pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). On the basis of notices of intent to participate filed on behalf of domestic interested parties and adequate substantive comments filed on behalf of domestic and respondent interested parties, the Department determined to conduct full reviews. As a result of these reviews, the Department preliminarily finds that revocation of the antidumping orders would likely lead to continuation or recurrence of dumping at the levels indicated in the Preliminary Results of Reviews section of this notice.

EFFECTIVE DATE: January 24, 2000.

FOR FURTHER INFORMATION CONTACT: Darla D. Brown or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3207 or (202) 482–1560, respectively.

SUPPLEMENTARY INFORMATION:

Statute and Regulations

These reviews are being conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year (''Sunset'') Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) (''*Sunset Regulations*'') and 19 CFR Part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year (''Sunset'') Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) (''*Sunset Policy Bulletin*'').

Scope

Although we provide the full scope language for the order on heavy forged hand tools (''HFHTs'') below, this determination applies only to the types of HFHTs which fall under the orders (A–570–803) on bars/wedges and hammers/sledges from the PRC. HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel wool splitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, and painting, and the insertion of handles for handled products. HFHTs are currently classifiable under the following Harmonized Tariff Schedule (''HTS'') item numbers 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, and hoes and rakes, and bars 18 inches in length and under. The HTS item numbers are provided for convenience and customs purposes only. The written description of the scope remains dispositive.

There has been one scope ruling with respect to the orders on HFHTs from the PRC in which the Forrest Tool Company's Max Multipurpose Tool was determined to be within the scope of the order (58 FR 59991; November 12, 1993).

These reviews cover imports from all manufacturers and exporters of bars and wedges and hammers and sledges from the PRC.

History of the Orders

The Department published its final affirmative determination of sales at less than fair value (''LTFV'') with respect to imports of HFHTs from the PRC on January 3, 1991 (56 FR 241). In this determination, the Department published four country-wide weighted-average dumping margins, one each for hammers/sledges, bars/wedges, picks/mattocks and axes/adzes. These margins were all subsequently affirmed when the Department issued the antidumping duty orders on HFHTs from the PRC on February 19, 1991 (56 FR 6622). Since the imposition of the orders, the Department has conducted several administrative reviews. [1] The orders remain in effect for all manufacturers and exporters of the subject merchandise from the PRC.

To date, the Department has not issued any duty absorption findings in these cases.

Background

On July 1, 1999, the Department initiated sunset reviews of the antidumping duty orders on bars and wedges and on hammers and sledges

[1] *See Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 60 FR 49251 (September 22, 1995); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 61FR 15028 (April 4, 1996); as amended, *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Amendment of Final Results of Antidumping Duty Administrative Review* 61 FR 24285 (May 14, 1996); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 61 FR 51269 (October 1, 1996); as amended, *Heavy Forged Hand Tools from the People's Republic of China; Notice of Amendment of Final Results of Antidumping Duty Administrative Review*, 62 FR 24416 (May 5, 1997); *Heavy Forged Hand Tools from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 62 FR 11813 (March 13, 1997); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 63 FR 16758 (April 6, 1998); as amended, *Amended Final Results of Antidumping Duty Administrative Reviews Pursuant to Remand from the Court of International Trade: Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China*, 63 FR 55577 (October 16, 1998) and *Amended Final Results of Antidumping Duty Administrative Reviews Pursuant to Remand from the Court of International Trade: Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China: Correction*, 64 FR 851 (January 6, 1999); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results and Partial Recission of Antidumping Duty Administrative Reviews*, 64 FR 43659 (August 11, 1999).

from the PRC (64 FR 35588), pursuant to section 751(c) of the Act. For both of the reviews, the Department received notices of intent to participate on behalf of O. Ames Co. and its division, Woodings-Verona (collectively, ''domestic interested parties'') on July 16, 1999, within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. Pursuant to section 771(9)(C) of the Act, the domestic interested parties claimed interested party status as domestic manufacturers of the subject merchandise. The Department received complete substantive responses from the domestic interested parties on August 2, 1999, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). In addition, we received substantive responses on behalf of Fujian Machinery and Equipment Import and Export Corp., Shandong Huarong General Group Corp., Shandong Machinery Import and Export Corp., and Tianjin Machinery Import and Export Corp. (collectively, ''respondents''). The respondents claimed interested party status under section 771(9)(A) of the Act as exporters of the subject merchandise. The Department determined that the respondent's response constituted an adequate response to the notice of initiation. As a result, the Department determined, in accordance with section 351.218(e)(2) of the *Sunset Regulations*, to conduct a full (240 day) review.

In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). On October 26, 1999, the Department determined that the sunset reviews of the antidumping duty order on HFHTs are extraordinarily complicated and extended the time limit for completion of the final results of these reviews until not later than January 18, 2000, in accordance with section 751(c)(5)(B) of the Act. [2]

Determination

In accordance with section 751(c)(1) of the Act, the Department is conducting these reviews to determine whether revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making these determinations, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order, and shall provide to the International Trade Commission (''the Commission'') the magnitude of the margins of dumping likely to prevail if the order were revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margins are discussed below. In addition, domestic interested parties' and respondents' comments with respect to continuation or recurrence of dumping and the magnitude of the margins are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act (''URAA''), specifically the Statement of Administrative Action (''the SAA''), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin,* the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that it normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (*see* section II.A.3).

In their substantive responses, the domestic interested parties argue that revocation of the orders would likely lead to continuation or recurrence of dumping. They base their conclusion on the combined facts that dumping has continued over the life of the orders at levels well above *de minimis* and that import volumes declined significantly after the issuance of the orders. The domestic interested parties maintain that imports of hammers/sledges from the PRC declined dramatically since the imposition of the order. They argue that Chinese exporters shipped approximately 8,735 units of striking tools (*e.g.*, hammers and sledges) in 1990, and this number fell to approximately 3,810 units in 1997 and 3,835 units in 1998. Moreover, the domestic interested parties argue that since the imposition of the order, import volumes of bars/wedges have declined from approximately 2,429 tons in 1989 to 2,233 tons in 1997. Therefore, they conclude that it is reasonable to assume that the PRC exporters could not sell in the United States without dumping, and in order to reenter to U.S. market, they would have to resume dumping (*see* August 2, 1999, substantive response of the domestic interested parties at 3–4).

The respondents argue that if the order were revoked, shipments would likely continue at average levels as seen in 1996 through 1998. They maintain that there is greater competition from other supplying countries and that demand in the U.S. is fairly inelastic, indicating that even with lower prices (without dumping duties), demand for imports of the subject merchandise from the PRC is not likely to change much (*see* July 30, 1999, substantive response of the respondents at 2).

As discussed in section II.A.3 of the *Sunset Policy Bulletin,* the SAA at 890, and the House Report at 63–64, if companies continue to dump with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed. As pointed out above, dumping margins above *de minimis* continue to exist for shipments of the subject merchandise from the PRC for at least one producer/exporter.

Consistent with section 752(c) of the Act, the Department also considers the volume of imports before and after issuance of the order. As mentioned above, the domestic interested parties maintain that imports of bars/wedges and hammers/sledges from the PRC declined significantly following the imposition of the order.

Using the Department's statistics, including IM146 reports, on imports of the subject merchandise from the PRC, the Department concludes that imports of bars/wedges and hammers/sledges from the PRC have fluctuated over the life of the order, showing no overall trend.

As noted above, in conducting its sunset reviews, the Department considers the weighted-average dumping margins and volume of imports when determining whether revocation of an antidumping duty order would lead to the continuation or recurrence of dumping. Based on this analysis, the Department finds that the existence of dumping margins above *de minimis* levels is highly probative of the

[2] *See Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 57628 (October 26, 1999).

likelihood of continuation or recurrence of dumping. A deposit rate above a *de minimis* level continues in effect for exports of the subject merchandise by at least one Chinese manufacturer/exporter. Therefore, given that dumping has continued over the life of the order, the Department preliminarily determines that dumping is likely to continue if the orders were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it normally will provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the ''all others'' rate from the investigation. (*See* section II.B.1 of the *Sunset Policy Bulletin.*) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (*See* sections II.B.2 and 3 of the *Sunset Policy Bulletin.*) We note that, to date, the Department has not issued any duty absorption findings in either of these cases.

In their substantive responses, the domestic interested parties recommend that the Department deviate from its normal practice of forwarding margins from the original investigation and instead recommend using margins from more recent administrative reviews. In the case of bars/wedges, the domestic interested parties recommend forwarding to the Commission a margin of 36.76 percent for Fujian Machinery & Equipment Import & Export Corp. and 38.30 percent for Shandong Machinery Import & Export Corp., as calculated in the second administrative review; 31.76 percent for Tianjin Machinery Import & Export Corp. and Liaoning Machinery Import & Export Corp., as calculated in the original investigation; and 34 percent for Shandong Huarong General Group Corp., as calculated in the sixth administrative review. The domestic interested parties argue that since the imposition of the order, the dumping margins have increased for three companies as well as for the PRC as a whole. They argue further that because import volumes of bars/wedges have declined since the imposition of the order, the Department should use a more recently calculated rate for several PRC companies.

For hammers/sledges, the domestic interested parties recommend forwarding to the Commission the margin of 45.42 percent calculated in the original investigation.

The respondents argue that the dumping margin likely to prevail if the order were revoked would be zero, but no higher than the average margin for the latest reviews. They base this argument on the fact that recent reviews conducted by the Department confirm that different surrogate steel values than were used in the original investigation significantly reduce the dumping margin (*see* July 30, 1999, substantive response of respondents at 3).

As noted in the *Sunset Regulations* and *Sunset Policy Bulletin*, the Department may provide to the Commission a more recently calculated margin for a particular company where dumping margins increased after the issuance of the order where that particular company increased dumping to maintain or increase market share. In this case, the domestic interested parties did not provide any company-specific argument or evidence that any Chinese companies have increased dumping in order to gain or maintain market share or increase import volumes. Moreover, while it is true that the dumping margins have increased for some Chinese companies, we have no company-specific information demonstrating that imports of the subject merchandise have not increased substantially over the life of the order. Since we have no company-specific information correlating an increase in exports for one company with an increase in the dumping margin for that particular company, we cannot conclude that use of more recently calculated margins is warranted in this case.

Additionally, the Department disagrees with the respondents' argument that a dumping margin of zero percent is likely to prevail were the order to be revoked. Specifically, as noted in the *Sunset Policy Bulletin*, the Department will consider forwarding to the Commission more recently calculated margins where dumping margins have declined over the life of the order and imports have remained steady or increased or where a company increases dumping in order to maintain or increase market share. The respondent's argument concerning changes in methodology (*e.g.*, different surrogate steel values) does not fit either criteria. Therefore, consistent with the *Sunset Policy Bulletin*, the Department preliminarily finds that the margins calculated in the original investigation are probative of the behavior of Chinese producers/exporters if the order were to be revoked as they are the only margins which reflect their behavior absent the discipline of the order. As such, the Department will report to the Commission the PRC-wide rates from the original investigation as contained in the Preliminary Results of Reviews section of this notice.

Preliminary Results of Reviews

As a result of these reviews, the Department preliminarily finds that revocation of the antidumping order would likely lead to continuation or recurrence of dumping at the margins listed below:

PRC-wide	Margin (percent)
Bars/Wedges	31.76
Hammers/Sledges	45.42

Any interested party may request a hearing within 30 days of publication of this notice in accordance with19 CFR 351.310(c). Any hearing, if requested, will be held on March 15, 2000. Interested parties may submit case briefs no later than March 7, 2000, in accordance with 19 CFR 351.309(c)(1)(i). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than March 13, 2000. The Department will issue a notice of final results of this sunset review, which will include the results of its analysis of issues raised in any such comments, no later than June 26, 2000.

These five-year (''sunset'') reviews and notices are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: January 18, 2000.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–820]

Final Results of Five-Year (''Sunset'') Review and Revocation of Antidumping Duty Order: Certain Compact Ductile Iron Waterworks Fittings and Glands From the People's Republic of China

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

ACTION: Notice.

SUMMARY: On November 2, 1999, the Department of Commerce (''the