relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties. This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: August 28, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–22998 Filed 9–6–00; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–811]

Grain-Oriented Electrical Steel From Italy; Notice of Preliminary Results of Antidumping Administrative Review

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

ACTION: Notice of preliminary results of antidumping duty administrative review.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on grain-oriented electrical steel from Italy in response to a request by the respondent, Acciai Speciali Terni S.p.A. (AST). This review covers one manufacturer/exporter of the subject merchandise to the United States during the period of review (POR), August 1, 1998 through July 31, 1999.

We have preliminarily determined that sales of subject merchandise have been made below normal value (NV). If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to assess antidumping duties on all appropriate entries.

Interested parties are invited to comment on these preliminary results. Parties who submit comments are requested to submit with each comment a statement of the issue and a brief summary of the comment.

EFFECTIVE DATE: September 7, 2000.

FOR FURTHER INFORMATION CONTACT: Samantha Denenberg or Maureen McPhillips, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1386 or (202) 482–0196, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act) are 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 19 CFR part 351 (1999).

Background

The Department published in the **Federal Register** an antidumping duty order on grain-oriented electrical steel from Italy on August 12, 1994 (59 FR 41431). On August 11, 1999, we published in the **Federal Register** a notice of opportunity to request an administrative review of the antidumping order on grain-oriented electrical steel from Italy, covering the period August 1, 1998 through July 31, 1999. On August 31, 1999, AST requested that the Department conduct an administrative review of its exports of grain-oriented electrical steel. The Department initiated this administrative review on October 1, 1999 (64 FR 53318).

On January 5, 2000, the petitioner submitted a timely allegation, pursuant to section 773(b) of the Act, that AST had made sales in the home 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 AST sold grain-oriented electrical steel in the home market at prices that were less than the COP. Accordingly, we initiated a COP investigation with respect to AST. *See* ''Memorandum to Richard Weible from Linda Ludwig—Initiation of Sales Below Cost of Production in the Antidumping Duty Administrative Review of Grain-Oriented Steel from Italy,'' February 7, 2000.

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for the preliminary results of an administrative review if it determines that it is not practicable to complete the review within the statutory time limit of 245 days. On March 17, 2000, the Department published a notice of extension of the time limit for the preliminary results of review to August 30, 2000 (65 FR 14535).

The Department sent its initial questionnaire to the respondent on October 8, 1999. AST responded to section A on November 11, 1999 and sections B and C on November 24, 1999. AST responded to our February 4, 2000 supplemental section A questionnaire on February 10, 2000. We released our supplemental questions for sections B and C on February 22, 2000, and received AST's response on March 22, 2000. On May 3, 2000, we issued a second supplemental questionnaire on sections A, B, and C. We received AST's response on May 17, 2000. On May 26, 2000, the Department requested additional information on AST's ''temporary in bond'' (TIB) U.S. transactions. AST responded to this request on June 1, 2000.

The petitioners, Allegheny Ludlum Corp., AK Steel, the Butler Armco Independent Union, the United Steelworkers of America, and the Zanesville Armco Independent Union, responded to AST's response to sections A through C on December 7, 1999. On March 3 and April 6, 2000, the petitioners submitted comments on AST's supplemental responses to sections A and C. In addition, the petitioners addressed the issues in this case in subsequent submissions on April 26, May 25, and July 14, 2000.

The Department is conducting this review in accordance with section 751(a) of the Act.

Scope of Review

The product covered by this review is grain-oriented silicon electrical steel, which is a flat-rolled alloy steel product containing by weight at least 0.6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, of a thickness of no more than 0.560 millimeters, in coils of any width, or in straight lengths which are of a width measuring at least 10 times the thickness, as currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 7225.30.7000, 7225.40.7000, 7225.50.8085, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.91.7000, 7226.91.8000, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0000, 7228.30.8050, and 7229.90.1000. Although the HTS subheadings are provided for convenience and customs purposes, our written descriptions of the scope of these proceedings are dispositive.

Verification

As provided in section 782(i) of the Act, we verified AST's sales information from June 5, 2000 through June 9, 2000,

in Terni, Italy, using standard verification procedures, including on-site inspection of AST's manufacturing facilities. On June 27–28, 2000, we verified AST's submitted U.S. sales data at its AST–USA facilities. We also verified AST's submitted cost information from July 10 through July 16, 2000, in Terni, Italy.

Date of Sale

The Department considers the date of sale to be the date on which all substantive terms of sale are agreed upon by the parties. This normally includes the price, quantity, delivery terms and payment terms. In accordance with 19 CFR 351.401(i), the date of sale will normally be the date of the invoice, as recorded in the exporter's or producer's records kept in the ordinary course of business, unless satisfactory evidence is presented that the exporter or producer establishes the material terms of sale on some other date. In some instances, it may not be appropriate to rely on the date of invoice as the date of sale because the evidence may indicate that the material terms of sale were established on some date other than the invoice date. *See Preamble to the Department's Antidumping Duties; Countervailing Duties; Final Rule* 62 FR 27296, 27349–50 (May 19, 1997); *Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan,* 61 FR 14064 (Comment 1)(March 29, 1996).

For these preliminary results, we have determined that the record evidence indicates that the invoice date is the date on which AST established the material terms of sale in the home market. In the U.S. market, the shipment date is the date in which the terms of sale are set because the shipment date precedes the invoice date. While AST stated in its November 2, 1999 response that for both the U.S. market and the home market, the terms of sale, such as price and quantity, are established at the time of order confirmation and rarely change from the order confirmation date to the date of invoice, we have found evidence that the terms of sale are not always set at the time of order confirmation. The sales traces reviewed at verification did not provide evidence that the material terms of sale are always set at the time of order confirmation. *See* ''Sales Verification of Sections A–C Questionnaire Responses Submitted by Acciai Speciali Terni S.p.A.; Acciai Speciali Terni USA, Inc.,'' August 30, 2000; and ''AST USA Sales Verification Report,'' August 30, 2000.

Affiliated Parties/Downstream Sales

AST contends that it is affiliated with Electroterni, but denies any affiliation with Nuova Eletrofer (''NE''). Under section 771(33)(E) of the Act, the Department will determine that companies are affiliated where a company directly or indirectly owns, controls, or holds power to vote, five percent or more of the outstanding voting stock or shares of any organization. Regarding ownership, AST owns 24% of Electroterni and NE owns the remaining shares. AST does not directly own shares in NE, but rather, NE is wholly owned by another party.

There is considerable cross-representation between NE and Electroterni. The owner of NE serves on the board of Eletroterni. Additionally, NE and Electroterni jointly own another company which also purchases subject material from Electroterni. This joint company's board of directors includes the owner of NE and the managing director of Electroterni. Moreover, NE and Electroterni's internal operations seem to be inextricably linked. The owner of NE is responsible for establishing the internal price lists for both NE and Electroterni.

AST considers NE and Electroterni to be a ''group'' of companies. AST makes most of its business decisions with regard to this ''group,'' rather than with NE and Electroterni individually. For example, AST negotiates a common framework sales agreement and a common rebate agreement jointly with Electroterni and NE. Both Electroterni and NE have a longstanding relationship with AST, and AST serves as the major supplier of both companies. It is the Department's contention that by virtue of the linked operations of NE and Electroterni, as well as AST's own treatment of NE and Electroterni as a group for sales and rebate purposes, it is inappropriate for AST to consider itself only affiliated with one party and not the other. Consequently, for purposes of this preliminary determination, we have decided to treat AST as affiliated with both Electroterni and NE, based on the totality of the circumstances.

We requested AST to report Electroterni's and NE's sales to the first unaffiliated customer during the POR. Although AST contended that it did not have the power to oblige NE to report its downstream sales, both Electroterni and NE complied with our request in a timely manner and reported their home market sales to the first unaffiliated customer. Additionally, both NE and Electroterni made staff available to answer the Department's questions during the sales verification.

Petitioners maintain that of those sales AST made to its affiliates, AST should identify which sales were subsequently resold by the affiliates, and which sales were further processed by the affiliates into non-subject merchandise, in order to avoid ''double-counting'' of sales in the margin calculation. *See Letter to the Secretary from Collier Shannon Rill & Scott,* April 25, 2000, at 8. AST maintains that it is not able to determine this information, nor can AST provide a link between the AST home market sales data set and the downstream data set. AST also maintains that it is not necessary for them to do so.

At verification, we confirmed that the records AST keeps in the normal course of business do not indicate whether sales to Electroterni and/or NE would result in resales or be consumed in the manufacture of non-subject merchandise. We also noted that neither of the affiliates maintained computer systems that allow them to link their inventory back to the AST invoices. *See* ''Sales Verification of Sections A–C Questionnaire Responses Submitted by Acciai Speciali Terni S.p.A. and Acciai Speciali Terni USA, Inc.,'' August 30, 2000.

Rather than ''double-counting'' the downstream sales by using AST's sales to Electroterni and NE, we have excluded from our analysis the sales made by AST to these two companies and used Electroterni's and NE's sales to the first unaffiliated customer in our analysis. *See Notice of Final Determination of Sales At Less Than Fair Value; Stainless Steel Sheet and Strip in Coils from the United Kingdom,* 64 FR 30688 (June 8, 1999).

Level of Trade/CEP Offset

In accordance with section 773(a)(1)(B)(i) 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. The NV LOT is that of the starting price of sales in the comparison market or, when NV is based on CV, that of the sales from which we derive selling, general and administrative expenses (SG&A) and profit. For EP, the LOT is also the level of the starting price sale, which is usually from the exporter to the 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 sales, 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 differences in the levels between NV and CEP sales affect 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 administrative review, AST requested a LOT adjustment for its home market sales, maintaining that a different level of trade exists between AST sales to the United States and the affiliated reseller's sales in the home market. AST maintains that it has two channels of distribution in the Italian market for sales by AST (direct factory and warehouse sales) and one channel of distribution in the U.S. market (direct factory). To determine if a LOT adjustment was necessary, in accordance with the principles discussed above, we examined information regarding the distribution systems in both the United States and Italian markets, including the selling functions, classes of customer, and selling expenses. We, therefore, compared the difference in the selling functions performed by AST and its affiliated entities, Electroterni and NE, in the home market, and compared them to those performed by AST and AST USA in the U.S. market.

For AST's direct factory sales in the home market, customers place their orders in advance of delivery; AST then plans its production schedule to allow delivery according to the customer's requirements. After production, the product is immediately shipped to the customer. AST also makes home market sales of the foreign like product from inventory. In contrast with direct sales, AST, rather than the customer, typically initiates these sales by alerting potential customers of the immediate availability of specific products.

In its March 22, 2000 supplemental questionnaire response, AST stated that it coded all of its reported home market sales as the same LOT because its invoicing system could not distinguish between direct factory and inventory sales. On May 17, 2000, in its supplemental response to sections A–C, AST stated that virtually all GOES is sold to one class of customers (i.e., transformer manufacturers), indicating that there is a single LOT in the home market. Subsequently, in a revised home market sales listing, AST added a code to designate sales of GOES by service centers/end-users (*i.e.,* Electroterni and NE).

In determining whether separate LOTs actually existed in the home market, we examined whether AST's home market sales involved different selling functions along the chain of distribution between AST and its unaffiliated customers. AST maintained that it provided technical advice, freight and delivery services, warranty services, and credit terms on a moderate level for both direct factory sales and warehouse sales. There was no inventorying associated with direct factory sales, while there was a moderate degree of inventory expense for warehouse sales. For its sales from the warehouse, AST provided technical advice, freight and delivery, warranty, and credit terms.

AST's affiliates NE and Electroterni follow a similar sales process to that of AST. NE and Electroterni's customers initiate requests for merchandise, and these companies sell mainly from inventory. NE and Electroterni may at times service the same customers as AST. However, most of the customers are smaller end-users than those serviced by AST. NE and Electroterni offer similar selling functions with regard to sales of GOES material. For a complete description of the selling functions offered by AST, NE, and Electroterni, see the LOT section of the verification report, ''Sales Verification of Sections A–C Questionnaire Responses Submitted by Acciai Speciali Terni S.p.A. and Acciai Speciali Terni USA, Inc.,'' (August 30, 2000).

Based on the evidence on the record, we have determined that one level of trade exists in the home market. As late as May 17, 2000, in its supplementary response to sections A–C, AST stated that virtually all GOES was sold to one class of customers (*i.e.,* transformer manufacturers). Subsequently, in a revised home market sales listing, AST added a code of ''2'' to designate sales of GOES by service centers/end-users. Although AST claimed that such sales were at a different LOT, it did not provide any narrative explanation or matrix which would serve to distinguish those coded ''1'' from those coded ''2.'' Moreover, AST indicates that it provided technical advice, freight and delivery services, warranty services, and credit terms on a moderate level to customers of both direct factory sales and warehouse sales. The additional inventorying done for warehouse customers is not sufficient to warrant a LOT adjustment.

We also examined information regarding the distribution system in the United States, including the selling functions, classes of customer, and selling expenses, and noted no evidence that more than one level of trade exists in the U.S. market. AST stated that its U.S. sales of the merchandise under review were all direct factory sales. For U.S. direct factory sales, the U.S. customer places an order with AST USA, which in turn places the order with AST. These sales are produced to order and shipped directly to the customer. For sales in the U.S. market, AST stated that it provided AST USA with freight and delivery services and some aid in extending credit. AST characterizes its level of involvement in these selling activities as low level. AST states that it provides no assistance to AST USA in the areas of technical advice, inventory carrying costs, and warranty services. For direct factory sales between AST USA and the first unrelated customer, AST USA provides technical advice, freight and delivery service, and credit terms on a moderate level. Services for inventory carrying and warranty are not offered.

While AST claims differences in selling functions in connection with each channel of distribution in both the home market and U.S. market, we find that the actual differences in selling functions between channels are relatively minor (*see* Exhibit SA–6 of AST's ''Response to the Department's Supplementary Questionnaire,'' February 18, 2000). Therefore, we find that the LOT in the U.S. market is similar to the LOT in the home market, and therefore, no level of trade adjustment is required.

Given the evidence on the record, we conclude that AST did not adequately support its claim that there are two levels of trade in the home market and that it should be granted a CEP offset because its CEP sales are at a less remote LOT than AST's home market sales. Therefore, we preliminarily determine that only one LOT exists in the home market, only one level of trade exists in the U.S. market, that there is not a substantial difference in the levels of trade between the U.S. market and the home market, and that a CEP offset is not warranted.

''In-Bond'' Transactions

AST and its U.S. affiliate, AST USA, sold subject merchandise to U.S. customers during the POR which AST stated was entered into the U.S.

Customs territory under temporary import bond (TIB), with a final destination of Mexico. AST did not report these sales in its initial section C response to the Department's October 8, 1999 questionnaire. AST reported these transactions (*see* ''Letter from AST to the Secretary,'' June 1, 2000) in response to the Department's request in its supplemental questionnaire of May 26, 2000. AST maintained, however, that to its knowledge, none of the merchandise was entered for consumption into the United States and consequently, these transactions should not be properly included in any calculation of antidumping duties or deposit rates. AST reported transaction-specific information on product characteristics, delivery terms, payment date, quantity, and price. AST states that, due to the short time provided for its response, it was not able to determine whether all such transactions were TIBs as opposed to other types of Customs' bonded transactions. Moreover, AST contended that time constraints prevented AST from reporting the adjustments associated with these sales.

There is insufficient record evidence supporting AST's claim that those ''TIB'' entries should not be included in the antidumping calculations because AST has not provided transaction-specific information covering these sales. Accordingly, for these preliminary results, the Department has included those ''in bond'' transactions billed to a U.S. customer in the calculation of the preliminary dumping margin. However, the Department invites all interested parties to this proceeding to comment on the transactions in question.

Product Comparisons

In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the *Scope of Investigation* section, above, and sold in Italy during the POR, are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on six characteristics to match U.S. sales of subject merchandise to comparison market sales of the foreign like product: core loss, thickness/gauge, permeability, slitting, coating, and form.

Comparisons to Normal Value

To determine whether sales of subject merchandise to the United States were made at less than NV, we compared the CEP to NV, as described in the ''Constructed Export Price'' and ''Normal Value'' sections of this notice. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average home market prices for NV and compared these to individual U.S. transaction prices.

Constructed Export Price

In its initial submission, AST reported its U.S. sales as EP sales. For sales in the United States, section 772(a) of the Act states that EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside the United States to an unaffiliated purchaser in the United States. Section 772(b) of the Act states that CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

Although AST originally reported its U.S. sales as EP sales, it reclassified its U.S. sales as CEP sales, citing the recent decision of the United States Court of Appeals for the Federal Circuit (CAFC) in *AK Steel Corp., et al.* v. *United States, et al.* No. 99–1296 (Fed. Cir. February 23, 2000)(AK Steel Corp.). *See also* ''AST's Supplemental Response to the Secretary,'' March 22, 2000.

The Department agrees with AST's reclassification of these sales as CEP sales because the subject merchandise was first sold to an unaffiliated purchaser by AST's affiliate, AST USA. The U.S. customer places an order with AST USA who in turn places the order with AST. AST USA typically places an order months in advance of delivery, allowing AST to plan its production schedule so that delivery can be made directly from the factory to the U.S. customer. Although the subject merchandise is sent directly from the factory to the unaffiliated customer, it is AST USA that invoices the unaffiliated U.S. customer and receives payment. Therefore, upon its analysis, the Department has treated AST's U.S. sales as CEP sales, as defined in section 772(b) of the Act.

The Department calculated CEP for AST based on a packed CIF-delivered, duty paid basis. In accordance with section 772(c) of the Act, we reduced CEP by movement expenses (international freight, inland freight, U.S. brokerage fees, and duties). We deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (credit costs), and indirect selling expenses in accordance with section 772(d)(1) of the Act. We changed the denominator of AST's reported home market indirect selling expenses in order to reflect more accurately the foreign indirect selling expenses incurred. Other minor changes were made to other adjustments as a result of the verification. *See* ''Sales Verification of Sections A–C Questionnaire Responses Submitted by Acciai Speciali Terni S.p.A. and Acciai Speciali Terni USA, Inc.,'' and ''Analysis Memorandum of the Preliminary Results on Grain-Oriented Electrical Steel,'' (August 30, 2000). Since these sales were CEP sales, we also made an adjustment for profit in accordance with section 772(d)(3) of the Act.

Cost of Production Analysis (COP)

Pursuant to section 773(b)(1) of the Act, we initiated a COP investigation of sales made by AST in the home market.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP, by control number, based on the sum of the cost of materials and fabrication, G&A expenses, and packing costs. We relied on the submitted COP data except in the following instances (see COP and CV Calculation Memorandum from Garri Gzirian and Taija Slaughter to Neal Halper, August 30, 2000):

1. We found a clerical error in the Company's calculations of the adjustments intended to correct the understatement of total standard material and processing costs resulting from non-slit and thickness adjustments. Specifically, AST should have treated certain items in its calculations as negative and not positive values. We corrected this error for the purposes of preliminary determination.

2. We found that AST did not include in the reported costs the cost of outside processing, which under the Company's cost accounting system is accounted for as a variance. Likewise, AST did not include the ''Other Variance'' amount, which captures all remaining differences between actual and standard costs. For the purposes of preliminary determination, we included the cost of outside processing and the ''Other Variance'' amount in the reported costs.

3. AST adjusted its standard processing cost for cost center-specific variances. These cost centers are used to process more then just grain-oriented electrical steel products.

However, the Company weight-averaged these variances without regard to the percentage each cost center contributed to production of the merchandise under consideration.

Instead, the variances were weight-averaged based on the total standard costs associated with each cost center. For the purposes of preliminary determination, we adjusted this calculation to reflect the percentage of time each cost center was processing the merchandise under consideration.

4. AST adjusted its standard material cost by a weighted-average raw material variance. The specific raw materials generating the variances (*e.g.*, carbon steel scrap) are used to produce more then just grain-oriented electrical steel. However, the Company weight-averaged these variances without regard to the percentage of each raw material that went into production of a unit of merchandise under consideration. Instead, the variances were weight-averaged based on the standard costs of the total company-wide consumption of each raw material. For the purposes of preliminary determination, we adjusted this calculation to factor in the share of each raw material in a unit of the merchandise under consideration.

5. AST included in calculations of the interest expense factor certain income and expense items that are either not interest related, or do not qualify for a short-term interest income offset. For the purposes of preliminary determination, we adjusted the Company's interest expense factor calculations for those items.

B. Test of Home Market Prices

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

C. Results of the COP Test

Pursuant to section 773(b)(2)(C), where less than 20 percent of the respondent's sales of a given product were made at prices below 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 twenty percent or more of the respondent's home market sales of a given product were made at prices below the COP, we disregarded the below-cost sales because such sales were found to be made within an extended period of time in ''substantial quantities,'' in accordance with sections 773(b)(2)(B) and (C) of the Act, and because the below-cost sales of the product were at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

Based on this test, we excluded from our analysis certain comparison-market sales of AST's grain-oriented electrical steel that were made at below-COP prices within the POR. (*See* ''Analysis Memorandum of the Preliminary Results from the Team to the File,'' August 30, 2000).

Normal Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating normal value (*i.e.,* the aggregate volume of home market sales of the foreign like product is five percent or more of the aggregate volume of U.S. sales), we compared the respondents volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with 19 CFR 351.404(b). We determined that the quantity of the foreign like product sold in the exporting country was sufficient to permit a proper comparison with the sales of the subject merchandise to the United States because AST made sales in its home market which were greater than five percent of its sales in the U.S. market. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we based NV on home market sales in Italy.

We calculated NV based on packed, delivered prices in the home market. Since AST reported its sales net of any discounts, we made adjustments to the starting price for rebates, where appropriate. We also made deductions, where appropriate, for inland freight, warehousing, and inland insurance pursuant to section 773(a)(6)(B) of the Act. For all comparisons, we made circumstance-of-sale adjustments, where appropriate, for differences in credit expenses, warranty, technical service expenses, and royalties, pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c).

We changed the denominator of AST's reported home market indirect selling expenses in order to reflect more accurately the expenses incurred. Other minor changes were made to other adjustments as a result of the verification. *See* ''Sales Verification of Sections A–C Questionnaire Responses Submitted by Acciai Speciali Terni S.p.A. and Acciai Speciali Terni USA, Inc.,'' and ''Analysis Memorandum of the Preliminary Results on Grain-Oriented Electrical Steel,'' (August 30, 2000). We made adjustments to NV for differences in packing expenses, in accordance with section 773(a)(6) of the Act. We also made adjustments to NV, where appropriate, for differences in costs attributable to differences in the physical characteristics of the merchandise, pursuant to section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411.

We preliminarily determine that the following dumping margin exists for the period August 1, 1998 through July 31, 1999:

Preliminary Results of Review

Manufacturer/exporter	Weighted-average margin (percent)
Acciai Speciali Terni, S.p.A.	10.79

Within 5 days of the date of publication of this notice, in accordance with 19 CFR 351.224(b), the Department will disclose its calculations. Any interested party may request a hearing within 30 days of publication of these preliminary results in accordance with 19 CFR 351.310(c). Interested parties may submit case briefs within 30 days of the date of publication of this notice in accordance with 19 CFR 351.309(c)(2). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed no later than 35 days after the date of publication. Any hearing, if requested, will be held 37 days after the publication of this notice, or the first workday thereafter. Parties who submit briefs are requested to submit with the brief (1) a statement of the issue, (2) a brief summary of the argument and (3) a table of authorities. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette. The Department will publish, within 120 days of publication of these preliminary results, a notice of the final results of this administrative review, which will include the results of its analysis of issues raised by the parties in any such comments.

The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review.

Duty Assessment Rates

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate

entries. Pursuant to 19 CFR 351.212(b)(1), we have calculated an importer-specific ad valorem duty assessment rate based on the ratio of the total amount of the dumping margin calculated for the examined sales to the total entered value of those same sales. In order to estimate the entered value, we subtracted movement expenses incurred on U.S. transactions from the gross sales value. This rate will be assessed uniformly on all entries of that specific importer made during the POR. In accordance with 19 CFR 351.106(c)(2), we will instruct the Customs Service to liquidate without regard to antidumping duties any entries for which the assessment rate is *de minimis, i.e.,* less than 0.5 percent.

Furthermore, the following deposit requirements will be effective upon publication of the final results of this antidumping duty review for all shipments of grain-oriented electrical steel, from Italy, entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a) of the Act: (1) The cash deposit rate for AST will be the rate established in the final results; (2) if the exporter is not a firm covered in this review, a prior review, or the original less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (3) the cash deposit rate for all other manufacturers or exporters will continue to be 60.79 percent, the ''all others'' rate made effective by the LTFV investigation. These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review. The Department will issue appraisement instructions directly to the Customs Service.

Notification of Interested Parties

This notice also serves as a preliminary reminder to importers of their responsibility under section 19 CFR 351.402(f)(2) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)).

Dated: August 30, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–802]

Gray Portland Cement and Clinker From Mexico; Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Notice of preliminary results of antidumping duty administrative review.

SUMMARY: In response to requests from interested parties, the Department of Commerce is conducting an administrative review of the antidumping duty order on gray portland cement and clinker from Mexico. The review covers exports of subject merchandise to the United States during the period August 1, 1998, through July 31, 1999, and one firm, CEMEX, S.A. de C.V., and its affiliate, Cementos de Chihuahua, S.A. de C.V. We have preliminarily determined that, during the period of review, sales were made below normal value.

We invite interested parties to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the argument (1) a statement of the issues, and (2) a brief summary of the argument.

EFFECTIVE DATE: September 7, 2000.

FOR FURTHER INFORMATION CONTACT: David Dirstine or Robin Gray, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–4033, (202) 482–4023, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department's) regulations are to 19 CFR Part 351 (April 1999).

Background

On August 11, 1999, the Department published in the **Federal Register** a Notice of Opportunity to Request Administrative Review concerning the antidumping duty order on gray portland cement and clinker from Mexico (64 FR 43649). In accordance with 19 CFR 351.213, the petitioner, the Southern Tier Cement Committee (STCC), requested a review of CEMEX, S.A. de C.V., (CEMEX), CEMEX's affiliate, Cementos de Chihuahua, S.A. de C.V. (CDC), and Apasco, S.A. de C.V. (Apasco). In addition, CEMEX and CDC requested reviews of their own entries. On October 1, 1999, we published a Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews (64 FR 53318) initiating this review. The period of review is August 1, 1998, through July 31, 1999. Apasco reported, and we confirmed with the Customs Service, that Apasco did not have any sales or shipments to the United States during the period of review. We are now conducting a review of CEMEX and CDC pursuant to section 751 of the Act.

We also received information sufficient to warrant initiation of a changed-circumstances administrative review of the antidumping duty order on gray portland cement and clinker from Mexico. Based on the information on the record, we preliminarily determined that GCC Cemento, S.A. de C.V. (GCCC), is the successor-in-interest to CDC for purposes of determining antidumping liability. See *Gray Portland Cement and Clinker From Mexico: Preliminary Results of Changed-Circumstances Antidumping Duty Administrative Review,* 65 FR 50180 (August 17, 2000). However, since this change occurred on December 1, 1999, which is after the close of the review period, we refer to this entity as CDC and not GCCC for purposes of this review.

Scope of Review

The products covered by this review include gray portland cement and clinker. Gray portland cement is a hydraulic cement and the primary component of concrete. Clinker, an intermediate material product produced when manufacturing cement, has no use other than of being ground into finished cement. Gray portland cement is currently classifiable under Harmonized Tariff Schedule (HTS) item number 2523.29 and cement clinker is currently classifiable under HTS item number 2523.10. Gray portland cement has also