following weighted-average dumping margin exists:

STAINLESS STEEL SHEET AND STRIP IN COILS

Producer/manufacturer/exporter	Weighted-average margin (percent)
Ugine	3.43

Pursuant to 19 CFR 351.224, the Department will disclose to any party to the proceeding, within ten days of publication of this notice, the calculations performed. Any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 37 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 35 days after the date of publication. The Department will publish the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days after the publication of this notice.

Upon issuance of the final results of review, the Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the results and for future deposits of estimated duties. For duty assessment purposes, we calculated an importer-specific assessment rate by dividing the total dumping margins calculated for the U.S. sales to the importer by the total entered value of these sales. This rate will be used for the assessment of antidumping duties on all entries of the subject merchandise by that importer during the POR.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication of the final results of this administrative review, as provided in section 751(a)(1) of the Act: (1) The cash deposit rate for Ugine, the only reviewed company, will be that established in the final results of this review; (2) For previously reviewed or investigated companies not covered in this review, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) If the exporter is not a firm covered in this review, a prior review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established in the most recent period for the manufacturer of the merchandise; and (4) If neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will continue to be the ''all other'' rate established in the LTFV investigation, which was 9.38 percent. *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from France,* 64 FR 40562 (July 27, 1999).

This notice serves as a preliminary reminder to importers of their responsibility under regulation 19 CFR 351.402(f) 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 is published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 31, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–19784 Filed 8–7–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–845]

Notice of Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From Japan

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

ACTION: Notice of preliminary results in the antidumping duty administrative review of stainless steel sheet and strip in coils from Japan.

SUMMARY: In response to a request from a respondent in the original investigation, Kawasaki Steel Corporation (''Kawasaki''), the Department of Commerce (''Department'') is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (''SSSS'') from Japan. This review covers imports of subject merchandise from Kawasaki. The period of review is January 4, 1999 through June 30, 2000.

The Department preliminarily determines that SSSS from Japan has been sold in the United States at less than normal value during the period of review. If these preliminary results are adopted in our final results of this administrative review, we will instruct the U.S. Customs Service to assess antidumping duties equal to the difference between export price and normal value.

Interested parties are invited to comment on these preliminary results. See ''Preliminary Results of the Review'' section, infra.

EFFECTIVE DATE: August 8, 2001.

FOR FURTHER INFORMATION CONTACT: Juanita H. Chen or James C. Doyle, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, DC 20230; telephone: 202–482–0409 or 202–482–0159, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (''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 codified at 19 CFR part 351 (2000). See Antidumping Duties; Countervailing Duties; Final rule, 62 FR 27295 (May 19, 1997).

Background

On July 20, 2000, the Department published in the **Federal Register** a notice of ''Opportunity to Request Administrative Review'' of the antidumping duty order on SSSS from Japan. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review, 65 FR 45035 (July 20, 2000). On July 31, 2000, Kawasaki, a producer and exporter of subject merchandise during the period of review (''POR''), requested that the Department conduct an administrative review of the

antidumping duty order. On September 6, 2000, the Department initiated an administrative review of the antidumping duty order on SSSS from Japan with regards to Kawasaki. See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part, 65 FR 53980, 53981 (September 6, 2000). On September 8, 2000, the Department issued its antidumping duty questionnaire.

On September 20, 2001, Kawasaki submitted a request that the Department permit it to limit its reporting: (1) of home market sales to merchandise identical to or similar to the subject merchandise sold in the U.S. market through the first three product-matching characteristics (grade, hot/cold rolled, and gauge), or to only prime merchandise, and (2) of costs to Kawasaki's fiscal year 1999 (April 1999 through March 2000), or to Kawasaki's fiscal year 1999 plus the second semester of its fiscal year 1998 (October 1998 through March 2000). On September 28, 2001, petitioners filed an objection to Kawasaki's request, arguing that a complete database is necessary for the Department to properly compare home market and U.S. sales, that Kawasaki should not be allowed to select the home market sales it submits, and that the Department's established practice is to require a respondent to submit costs that coincide with the POR. On October 4, 2000, Kawasaki submitted a response to petitioners' objection, asserting that it is not selecting the home market sales, but rather seeking to limit reporting sales under the Department's own matching criteria at the most basic level, and that it is not able to report its costs based on the POR. On October 13, 2000, the Department granted Kawasaki's request to limit its reporting of home market sales to all identical and similar home market sales of subject merchandise according to the first three matching criteria, and denied Kawasaki's request to report costs for a period different from the POR. On October 19, 2000, petitioners filed a submission again arguing that Kawasaki should be required to submit its complete home market sales database. On October 26, 2000 Kawasaki responded to petitioners' submission, arguing that the Department properly allowed limited home market sales reporting.

On September 29, 2000, the Department received Kawasaki's Section A response to the questionnaire. On November 3, 2000, Kawasaki filed its Section B and C responses to the questionnaire. On November 13, 2000, Kawasaki filed its Section D response. On November 20, 2001, the Department issued a Section D supplemental questionnaire. On December 11, 2000, Kawasaki filed its Section D supplemental response. On December 18, 2000, Kawasaki filed revised home market and cost files. On February 9, 2001, the Department issued a Section A supplemental questionnaire. On February 23, 2001, Kawasaki filed its Section A supplemental response. On March 2, 2001, the Department issued a Sections B–C supplemental questionnaire. On March 30, 2001, Kawasaki filed its Sections B– supplemental response. On June 15, 2001, the Department issued a Sections A–D second supplemental questionnaire. On July 2 and 6, 2001, Kawasaki filed its Sections A–D second supplemental response.

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of an administrative review if it determines that it is not practicable to complete the review within the statutory time limit. On May 29, 2001, the Department extended the time limit for the preliminary results in this review to July 31, 2001. See Notice of Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From Japan, 66 FR 29086 (May 29, 2001).

The Department is conducting this administrative review in accordance with section 751 of the Act.

Period of Review

The POR is January 4, 1999 through June 30, 2000.

Scope of the Review

Upon completion of four changed circumstances reviews pursuant to section 751(b) of the Act and section 351.216 of the Department's regulations, we have excluded certain products from the scope of the order. These four excluded products are identified in the scope, infra.

For purposes of this review, 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 order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219130031, 7219130051, 7219130071, 7219130081,[1] 7219140030, 7219140065, 7219140090, 7219320005, 7219320020, 7219320025, 7219320035, 7219320036, 7219320038, 7219320042, 7219320044, 7219330005, 7219330020, 7219330025, 7219330035, 7219330036, 7219330038, 7219330042, 7219330044, 7219340005, 7219340020, 7219340025, 7219340030, 7219340035, 7219350005, 7219350015, 7219350030, 7219350035, 7219900010, 7219900020, 7219900025, 7219900060, 7219900080, 7220121000, 7220125000, 7220201010, 7220201015, 7220201060, 7220201080, 7220206005, 7220206010, 7220206015, 7220206060, 7220206080, 7220207005, 7220207010, 7220207015, 7220207060, 7220207080, 7220208000, 7220209030, 7220209060, 7220900010, 7220900015, 7220900060, and 7220900080. Although the HTS subheadings are provided for convenience and Customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the scope of this order 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 HTS, ''Additional U.S. Note'' 1(d).

Flapper valve steel is also excluded from the scope of the order. This product 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

[1] Due to changes to the HTS numbers in 2001, 7219130030, 7219130050, 7219130070, and 7219130080 are now 7219130031, 7219130051, 7219130071, and 7219130081, respectively.

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 order. 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 less than 0.002 or greater than 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 order. 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.'' [2]

Certain electrical resistance alloy steel is also excluded from the scope of this order. 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 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.'' [3]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. 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.'' [4]

Also excluded are three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.,* carpet knives).[5] This steel is similar to AISI grade 420 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 100 square microns. 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.'' [6]

Also excluded are stainless steel welding electrode strips that are manufactured in accordance with American Welding Society (''AWS'') specification ANSI/AWS A5.9–93. *See Stainless Steel Sheet and Strip in Coils from Japan: Final Results of Changed Circumstance Antidumping Duty Review, and Determination to Revoke Order in Part,* 65 FR 17856 (April 5, 2000). The products are 0.5 mm in thickness, 60 mm in width, and in coils of approximately 60 pounds each. The products are limited to the following AWS grade classifications: ER308L, ER 309L, ER 316L and ER347, and a modified ER 309L or 309LCb which meets the following chemical composition limits (by weight):

Carbon—0.03% maximum
Chromium—20.0–22.0%
Nickel—10.0–12.0%
Molybdenum—0.75% maximum
Manganese—1.0–2.5%
Silicon—0.65% maximum
Phosphorus—0.03% maximum
Sulphur—0.03% maximum
Copper—0.75% maximum
Columbium—8 times the carbon level minimum—1.0% maximum

Also excluded are certain stainless steel used for razor blades, medical surgical blades, and industrial blades, and sold under proprietary names such as DSRIK7, DSRIK8, and DSRIK9. *See Stainless Steel Sheet and Strip in Coils*

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

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

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

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

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

from Japan: Final Results of Changed Circumstance Antidumping Duty Review, and Determination to Revoke Order in Part, 65 FR 54841 (September 11, 2000). This stainless steel strip in coils is a specialty product with a thickness of 0.15 mm to 1.000 mm, or 0.006 inches to 0.040 inches, and a width of 6 mm to 50 mm, or 0.250 inches to 2.000 inches. The edge of the product is slit, and the finish is bright. The steel contains the following chemical composition by weight: Carbon 0.65% to 1.00%, Silicon 1.00% maximum, Manganese 1.00% maximum, Phosphorus 0.35% maximum, Sulfur 0.25% maximum, Nickel 0.35% maximum, Chromium 0.15% maximum, Molybdenum 0.30% maximum.

Also excluded are certain stainless steel lithographic sheet. *See* Stainless Steel Sheet and Strip in Coils from Japan: Final Results of Changed Circumstance Antidumping Duty Review, and Determination to Revoke Order in Part, 65 FR 64423 (October 27, 2000). This sheet is made of 304-grade stainless steel and must satisfy each of the following fifteen specifications. The sheet must have: (1) An ultimate tensile strength of minimum 75 KSI; (2) a yield strength of minimum 30 KSI; (3) a minimum elongation of 40 percent; (4) a coil weight of 4000–6000 lbs.; (5) a width tolerance of −0/+0.0625 inch; and (6) a gauge tolerance of ±0.001 inch. With regard to flatness, (7) the wave height and wave length dimensions must correspond to both edge wave and center buckle conditions; (8) the maximum wave height shall not exceed 0.75 percent of the wave length or 3 mm (0.118 inch), whichever is less; and (9) the wave length shall not be less than 100 mm (3.937 inch). With regard to the surface, (10) the surface roughness must be RMS (RA) 4–8; (11) the surface must be degreased and no oil will be applied during the slitting operation; (12) the surface finish shall be free from all visual cosmetic surface variations or stains in spot or streak form that affect the performance of the material; (13) no annealing border is acceptable; (14) the surface finish shall be free from all defects in raised or depression nature (e.g., scratches, gouges, pimples, dimples, etc.) exceeding 15 microns in size and with regard to dimensions; and (15) the thickness will be .0145±.001 and the widths will be either 38″, 38.25″, or 43.5″ and the thickness for 39″ material will be .0118 ±.001 inches.

Also excluded is nickel clad stainless steel sheet and strip in coils from Japan. *See* Stainless Steel Sheet and Strip in Coils from Japan: Final Results of Changed Circumstance Antidumping Duty Review, and Determination to Revoke Order in Part, 65 FR 77578 (December 12, 2000). This nickel clad stainless steel sheet must satisfy each of the following specifications. The sheet must: (1) have a maximum coil weight of 1000 pounds; (2) with a coil interior diameter of 458 mm to 540 mm; (3) with a thickness of .33 mm and a width of 699.4 mm; (4) fabricated in three layers with a middle layer of grade 316L or UNS 531603 sheet and strip sandwiched between the two layers of nickel cladding, using a roll bonding process to apply the nickel coating to each side of the stainless steel, each nickel coating being not less than 99 percent nickel and a minimum .038 mm in thickness. The resultant nickel clad stainless steel sheet and strip also must meet the following additional chemical composition requirement (by weight): The first layer weight is 14%, specification Ni201 or N02201, Carbon 0.009, Sulfur 0.001, Nickel 99.97, Molybdenum 0.001, Iron 0.01, Copper 0.001 for a combined total of 99.992. The second layer weight is 72%, specification 316L or UNS 513603, Carbon 0.02, Silicon 0.87, Manganese 1.07, Phosphorus 0.033, Sulfur 0.001, Nickel 12.08, Chromium 17.81, Molybdenum 2.26, Iron 65.856 for a combined total of 100. The third layer is 14%, specification Ni201 or N02201, Carbon 0.01, Sulfur 0.001, Nickel 99.97, Molybdenum 0.001, Iron 0.01, Copper 0.001 for a combined total of 99.993. The weight average weight is 100%. The following is the weighted average: Carbon 0.01706, silicon 0.6264, Manganese 0.7704, Phosphorus 0.02376, Sulfur 0.001, Nickel 36.6892, Chromium 12.8232, Molybdenum 1.62748, Iron 47.41912, and Copper is 0.00028. The above-described material is sold as grade 316L and manufactured in accordance with UNS specification 531603. This material is classified at subheading 7219.90.00.20 of the Harmonized Tariff Schedule of the United States.

Normal Value Comparisons

To determine whether sales of subject merchandise from Japan to the United States were made at less than fair value (''LTFV''), we compared the export price (''EP'') to the normal value (''NV''), as described in the ''Export Price'' and ''Normal Value'' sections of this notice, supra. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual EP transactions.

In its questionnaire response, Kawasaki reported that Kawasho Corporation (''Kawasho'') is an affiliated reseller that made sales of subject merchandise during the POR. While Kawasaki made sales in both the U.S. and home markets during the POR, Kawasho did not make sales in the U.S. during the POR. Kawasaki did not report its home market sales to Kawasho, but rather its sales through Kawasho, except for certain sales. In general, for its home market sales, Kawasaki reported that its sales to unaffiliated parties include Kawasaki's sales to unaffiliated customers, and Kawasaki's sales through affiliated reseller Kawasho to unaffiliated customers. Kawasaki's home market sales to affiliated parties include sales to end users, and sales to resellers. Kawasaki explained that the exceptions to this reporting were that: (1) It could not report the sales of another affiliated reseller to end users, as that reseller could not trace its final sales to purchasers of Kawasaki subject merchandise, and thus Kawasaki reported its sales to that affiliated reseller instead; (2) it could not report a portion of downstream sales made by affiliated processors and resellers that purchase subject merchandise from Kawasho, as these parties do not trace back to the original product, so Kawasaki reported its sales to Kawasho instead; and (3) it could not report most downstream sales of Kawasho's ''buy-back'' transactions, where Kawasho sells to affiliates who process the material and sell it back to Kawasho, as all but one affiliated processor do not trace back to the original product, and therefore Kawasho reported its sales to the processors instead. We have used Kawasaki's reported sales for purposes of these preliminary results.

Transactions Reviewed

We compared the aggregate volume of Kawasaki's home market sales of the foreign like product and U.S. sales of the subject merchandise to determine whether the volume of the foreign like product Kawasaki sold in Japan was sufficient, pursuant to section 773(a)(1) of the Act, to form a basis for NV. Because Kawasaki's volume of home market sales of the foreign like product was greater than five percent of its U.S. sales of subject merchandise, in accordance with section 773(a)(1)(B)(i) of the Act, we have based the determination of NV upon Kawasaki's home market sales of the foreign like product. Thus, we based NV on the prices at which the foreign like product was first sold for consumption in Japan (or as far as Kawasaki could trace the downstream sale in Japan, *see* ''Normal Value Comparisons'' section, supra), in

the usual commercial quantities, in the ordinary course of trade.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products covered by the ''Scope of the Review'' section, supra, which were produced and sold by Kawasaki in the home market during the POR, to be foreign like products for the purpose of determining appropriate comparisons to U.S. sales. 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 and reporting instructions listed in the Department's questionnaire.

Export Price/Constructed Export Price

In accordance with section 772(a) of the Act, export price (''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 of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States. In accordance with section 772(b) of the Act, constructed export price (''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. For purposes of this review, Kawasaki has classified its sales as EP sales. Kawasaki identified one channel of distribution (sales to unaffiliated Japanese trading companies in Japan) for its U.S. sales during the POR. Kawasaki stated that ''(b)ecause the date of sale, i.e., the invoice date, for these sales took place before the date of importation into the United States, Kawasaki has coded such sales as EP sales in the U.S. sales file.'' See Kawasaki's November 3, 2000 Section C response (''Section C response''), at C–12. Based on the information on the record, we preliminarily determine that such sales were EP sales. We calculated EP in accordance with section 772(a) of the Tariff Act of 1930, as amended (''Act''). We based EP on packed prices to unaffiliated Japanese trading companies for export to the United States. We made deductions for foreign inland freight, foreign brokerage and handling, foreign inland insurance, rebates, and credit expenses in accordance with section 772(c) of the Act.

Kawasaki also reported that its mills are located in free trade zones (''FTZ''), and that it pays no duty on imported alloys used in producing subject merchandise for U.S. sales. Since the FTZ does not constitute the customs area of Japan, duties were not imposed on the imports into the FTZ unless and until they were withdrawn for consumption and entered into the customs territory of Japan. Therefore, the duties attributable to raw materials imported into the FTZ and re-exported to the United States constitute uncollected duties within the meaning of section 772(c)(1)(B) of the Act. See Certain Welded Stainless Steel Pipe from Taiwan: Final Results of Administrative Review, 63 FR 38382 (July 16, 1998). Kawasaki provided a worksheet establishing a linkage between the imported alloys and the subject merchandise. See Kawasaki's March 30, 2001 Supplemental Section B and C response, at Exhibit 15. In addition, Kawasaki stated that it imported sufficient amounts of the elements under bond that were then consumed in the production of subject merchandise. Accordingly, for these preliminary results, we also made an upward adjustment to the U.S. price for duty drawback pursuant to section 772(c)(1)(B) of the Act.

Normal Value

After testing home market viability, as discussed in the ''Transactions Reviewed'' section, supra, and whether home market sales were at below-cost prices, in the ''Cost of Production Analysis,'' infra, we calculated NV as noted in the ''Price-to-Price Comparisons'' and ''Price-to-Constructed Value (''CV'') Comparisons'' sections of this notice.

1. Cost of Production Analysis

Because the Department disregarded certain Kawasaki sales made in the home market at prices below the cost of producing the subject merchandise in the most recently completed segment of this proceeding (*i.e.,* the original investigation), and therefore excluded such sales from normal value (see Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Japan, 64 FR 30574 (June 8, 1999)), the Department determined that there are reasonable grounds to believe or suspect that Kawasaki made sales in the home market at prices below the cost of producing the merchandise in this review. See section 773(b)(2)(A)(i) of the Act. We conducted the COP analysis as described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of Kawasaki's cost of materials and fabrication for the foreign like product, plus amounts for home market selling, general and administrative expenses (''SG&A''), interest expenses, and packing costs. We used home market sales and COP information provided by Kawasaki in its questionnaire responses.

B. Test of Home Market Prices

We compared the weighted-average COP for the POR to Kawasaki's home market sales 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: (1) Were made within an extended period of time in substantial quantities; and (2) were not made at prices which permitted the recovery of all costs within a reasonable period of time.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of Kawasaki'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 the below-cost sales were not made in ''substantial quantities.'' Where 20 percent or more of Kawasaki's sales of a given product were at prices less than the COP, we determined such sales to have been made in ''substantial quantities.'' The extended period of time for this analysis is the POR. See section 773(b)(2)(B) of the Act. Because each individual price was compared against the weighted average COP for the cost reporting period, any sales that were below cost were also at prices which did not permit cost recovery within a reasonable period of time. *See* section 773(b)(2)(D). We compared the COP for subject merchandise to the reported home market prices less any applicable movement charges. Based on this test, we disregarded below-cost sales.

D. Calculation of CV

In accordance with section 773(e)(1) of the Act, CV is calculated based on the sum of the respondent's cost of materials, fabrication and other processing expenses. Calculation of the COP included in the calculation of CV is as noted in the ''Calculation of COP'' section of this notice, supra. In accordance with section 773(e)(2)(A) of

the Act, SG&A and profit is based 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 the foreign country.

Price-to-Price Comparisons

For those product comparisons for which there were sales at prices above the COP, we based NV on the home market prices to unaffiliated purchasers and those affiliated customer sales which passed the arm's length test. We made adjustments, where appropriate, for differences in the merchandise in accordance with section 773(a)(6)(C) of the Act. We made adjustments, where applicable, for movement expenses (*i.e.,* inland freight, warehousing expense, and inland insurance) in accordance with section 773(a)(6)(B) of the Act. We made circumstance-of-sale adjustments or deductions for credit, interest revenue, warranty expense, technical service expense, and repacking, where appropriate. In accordance with section 773(a)(6), we deducted home market packing costs and added U.S. packing costs.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Act, we base NV on CV if we are unable to find suitable home market sales of the foreign like product. We did not base NV on CV for Kawasaki for these preliminary results of review.

Arm's Length Test

If any sales to affiliated customers in the home market were not made at arm's length prices, we excluded them from our analysis because we consider them to be outside the ordinary course of trade. To test whether sales were made at arm's length prices, we compared, on a model-specific basis, the starting prices of sales to affiliated and unaffiliated customers, net of all movement charges, direct selling expenses, and packing. Where prices to the affiliated party were on average 99.5 percent or more of the price to the unaffiliated parties, we determined that sales made to the affiliated party were at arms's length. *See* 19 CFR 351.403(c). In instances where no price ratio could be constructed for an affiliated customer because identical merchandise was not sold to unaffiliated customers, we were unable to determine that these sales were made at arm's length prices and, therefore, excluded them from our analysis. *See* Notice of 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 a comparison to the next most similar product.

Date of Sale

Kawasaki reported the original invoice date/shipment date as the date of sale, for both the home market and the U.S. market. 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 these regulations provides an explanation of this policy, as well as examples of when the Department may choose to base the date of sale on a date other than the date of invoice. *See* Antidumping Duties; Countervailing Duties; Final rule, 62 FR 27295, 27348–49 (May 19, 1997). We note that we used Kawasaki's original invoice date/shipment date as the date of sale in the original investigation. For this review, in accordance with 19 CFR 351.401(i), where appropriate, we based date of sale on the original invoice date/shipment date.

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 transaction. As noted in the ''Export Price/Constructed Export Price'' section, supra, we preliminarily determine that Kawasaki's U.S. sales were EP sales. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive SG&A expenses and profit (as noted in the ''Price-to-CV Comparisons'' section, supra, we did not base NV on CV for these preliminary results). For EP sales, the LOT is also the level of the starting-price sale, which is usually from the exporter to the unaffiliated U.S. customer.

To determine whether NV sales are at a different LOT than EP 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 an LOT adjustment under section 773(a)(7)(A) of the Act.

In the present review, Kawasaki stated that EP sales to unaffiliated trading companies are made at the same level of trade as the home market sales to unaffiliated trading companies. However, Kawasaki requested a LOT adjustment if the Department compares U.S. sales to home market sales occurring at a different level of trade. To determine whether an adjustment was necessary, in accordance with the principles discussed above, we examined information regarding the distribution systems and selling functions in both the United States and Japanese markets.

Kawasaki reported two levels of trade in the home market and one level of trade in the U.S. market. Kawasaki reported three channels of distribution in the home market: (1) Kawasaki sales to unaffiliated trading companies; (2) Kawasaki direct sales to end users; and (3) Kawasho's resales of Kawasaki-produced SSSS. Kawasaki reported one channel of distribution in the U.S. market: Kawasaki sales to unaffiliated trading companies.

For Kawasaki sales to unaffiliated trading companies in the home market, Kawasaki reported that it: maintains no inventory, provides technical advice, services warranty claims (with partial responsibility by the trading companies), advertises and markets its products for sale, primarily arranges warehousing, inputs data to the specification control system, arranges freight and delivery, handles sales processing (including invoicing and payment collection), administers rebates, and handles little demand forecasting. For Kawasaki direct sales to end users in the home market, Kawasaki reported that due to the nature of the sale, it was not as involved in day to day negotiations and customer contacts, or daily sales functions and services. For Kawasho's sales in the home market, Kawasaki reported that Kawasaki maintains no inventory (although Kawasho sometimes maintains inventory), provides technical advice, services warranty claims (with partial responsibility by Kawasho), advertises and markets its products for sale (as does Kawasho), arranges warehousing (although Kawasho primarily arranges warehousing), maintains and revises the specification control system (Kawasho inputs data to the specification control system), arranges freight and delivery (as does Kawasho), does not handle sales processing (Kawasho is responsible for sales processing), administers rebates, and handles little demand forecasting (Kawasho is responsible for demand forecasting). Based on our review of the selling

functions offered in the three channels of distribution in the home market, there do not appear to be substantial differences in the selling activities aside from a differentiation in degree to which these services are provided in Kawasaki direct sales to end users in the home market. Because these selling functions are substantially similar for the three sales channels in the home market, we preliminarily determine that there is one LOT in the home market.

For Kawasaki sales to unaffiliated trading companies for the U.S. market, Kawasaki reported similar selling functions as for the home market. Specifically, Kawasaki stated that it: maintains no inventory, provides technical advice, services warranty claims (with partial responsibility by the trading companies), advertises and markets its products for sale, did not incur warehousing (as the customer picked up the merchandise at Kawasaki's works), inputs data to the specification control system, did not arrange freight and delivery (the trading companies were responsible for freight and delivery), handles sales processing (including invoicing and payment collection), administers rebates, and handles little demand forecasting.

Based on our analysis of the selling functions performed for sales in the home market and EP sales for the U.S. market, we preliminarily determine that, despite some slight differences in minor selling functions (*i.e.,* warehousing, freight and delivery) performed by Kawasaki on the U.S. sales, there is not a significant difference in the selling functions performed in the home market and U.S. market, and that these sales are made at the same LOT. Accordingly, we have not made a LOT adjustment.

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.

Preliminary Results of Review

As a result of our review, we preliminarily determine that the following weighted-average dumping margin exists for the period January 4, 1999 through June 30, 2000:

Producer/Manufacturer/Exporter	Weighted-Average Margin
Kawasaki Steel Corporation	1.94%

In accordance with 19 CFR 351.224(b), the Department will disclose to parties to this proceeding the calculations performed in connection with these preliminary results within five days of the date of publication of this notice.

Pursuant to 19 CFR 351.309, interested parties may submit written comments on these preliminary results. Case briefs must be submitted no later than 30 days after the date of publication of this notice. Rebuttal briefs, which must be limited to issues raised in the case briefs, must be submitted no later than five days after the time limit for filing case briefs. Parties submitting arguments in this proceeding are requested to submit with the argument: (1) A statement of the issue, and (2) a brief summary of the argument. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, within 30 days of the date of publication of this notice, an interested party may request a public hearing on arguments to be raised in the case and rebuttal briefs. See 19 CFR 351.310(c). Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs, or the first working day thereafter. The Department will issue the final results of this administrative review, including the results of its analysis of issues raised in any case or rebuttal brief, within 120 days of publication of these preliminary results.

Assessment

The Department shall determine, and the U.S. Customs Service (''Customs'') shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b), we have calculated exporter/importer-specific assessment rates. We divided the total dumping margins for the reviewed sales by the total entered value of those reviewed sales for each importer. We will direct Customs to assess the resulting percentage margin against the entered customs values for the subject merchandise on each of that importer's entries under the relevant order during the review period.

Cash Deposit

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed company will be the rate established in the final results of this administrative review (except that no deposit will be required if the rate is zero or *de minimis, i.e.,* less than 0.5 percent); (2) for previously investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review or the original 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 (4) if neither the exporter nor the manufacturer is a firm covered in this review or the original LTFV investigation, the cash deposit rate will continue to be the ''all others'' rate of 37.13 percent established in the LTFV investigation. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Interested Parties

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) 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 notice also serves as a reminder to parties subject to administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 C.F.R. 351.305, that continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This administrative review is issued and published in accordance with section 751(a)(1) of the Act, 19 CFR 351.213 and 19 CFR 351.221(b)(4).

Dated: July 31, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–19909 Filed 8–7–01; 8:45 am]

BILLING CODE 3510–DS–P