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Dated: August 3, 1999.

**Linda Engelmeier,**

*Departmental Forms Clearance Officer, Office of the Chief Information Officer.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-428-811]

#### **Certain Hot-Rolled Lead and Bismuth Carbon Steel Products From Germany: Final Results of Antidumping Administrative Review**

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

**ACTION:** Notice of final results of antidumping duty administrative review.

**SUMMARY:** On April 6, 1999, the Department of Commerce published the preliminary results of the administrative review of the antidumping duty order on certain lead and bismuth carbon steel products from Germany (64 FR 16703). This review covers Saarstahl AG, a manufacturer/exporter of the subject merchandise to the United States, and the period March 1, 1997, through February 28, 1998. We conducted a verification of Saarstahl's antidumping duty questionnaire responses and gave interested parties an opportunity to comment on the preliminary results. Based on our analysis of the comments received and the correction of certain data, we have revised our margin calculation; however, the final results do not differ from the preliminary results. The final results are listed below in the "Final Results of Review" section of this notice.

**EFFECTIVE DATE:** August 9, 1999.

**FOR FURTHER INFORMATION CONTACT:** David J. Goldberger or Rebecca Trainor, Office 2, AD/CVD Enforcement Group I, Import Administration, Room B099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone (202) 482-4136, or 482-4007, respectively.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On April 6, 1999, the Department of Commerce (the Department) published in the **Federal Register** the preliminary

results of the 1997-1998 administrative review of the antidumping duty order on certain lead and bismuth carbon steel products from Germany (64 FR 16703) (*Preliminary Results*). We conducted verification of Saarstahl AG's (Saarstahl) antidumping duty questionnaire responses from April 27 through May 7, 1999, and issued our report on June 1, 1999 (see Memorandum to the File: Sales and Cost of Production Verification) (Verification Report). On June 17, 1999, and June 23, 1999, Ispat Inland Inc. and USS/KOBE Steel Co. (the petitioners), and Saarstahl submitted case and rebuttal briefs, respectively. Following the return to the petitioners of their June 10, 1999, submission, which contained untimely submitted factual information, on June 29, 1999, the petitioners resubmitted their June 17, 1999, brief with references to the June 10 submission redacted, in accordance with the Department's instructions. Both parties withdrew their respective requests for a hearing.

The Department has now completed its administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

#### **Applicable Statute and Regulations**

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (1998).

#### **Scope of the Review**

The products covered by this review are hot-rolled bars and rods of nonalloy or other alloy steel, whether or not descaled, containing by weight 0.03 percent or more of lead or 0.05 percent or more of bismuth, in coils or cut lengths, and in numerous shapes and sizes. Excluded from the scope of this review are other alloy steels (as defined by the *Harmonized Tariff Schedule of the United States* (HTSUS) Chapter 72, note 1(f)), except steels classified as other alloy steels by reason of containing by weight 0.4 percent or more of lead, or 0.1 percent or more of bismuth, tellurium, or selenium. Also excluded are semi-finished steels and flat-rolled products. Most of the products covered in this review are provided for under subheadings 7213.20.00.00 and 7214.30.00.00 of the HTSUS. Small quantities of these products may also enter the United States under the following HTSUS subheadings: 7213.31.30.00;

7213.31.60.00; 7213.39.00.30; 7213.39.00.60; 7213.39.00.90; 7213.91.30.00; 7213.91.45.00; 7213.91.60.00; 7213.99.00; 7214.40.00.10, 7214.40.00.30, 7214.40.00.50; 7214.50.00.10; 7214.50.00.30, 7214.50.00.50; 7214.60.00.10; 7214.60.00.30; 7214.60.00.50; 7214.91.00; 7214.99.00; 7228.30.80.00; and 7228.30.80.50. HTSUS subheadings are provided for convenience and Customs purposes. The written description of the scope of this proceeding is dispositive.

#### **Duty Absorption**

On April 28, 1998, the petitioners requested that the Department determine whether antidumping duties had been absorbed during the period of review (POR). Section 751(a)(4) of the Act provides for the Department, if requested, to determine during an administrative review initiated two or four years after the publication of the order, whether antidumping duties have been absorbed by a foreign producer or exporter, if the subject merchandise is sold in the United States through an affiliated importer. In this case, Saarstahl sold to the United States through an importer that is affiliated within the meaning of section 751(a)(4) of the Act.

Section 351.213(j)(2) of the Department's regulations provides that for transition orders (*i.e.*, orders in effect on January 1, 1995), the Department will conduct duty absorption reviews, if requested, for administrative reviews initiated in 1996 or 1998. Because the order underlying this review was issued prior to January 1, 1995, and this review was initiated in 1998, a duty absorption determination in this segment of the proceeding is necessary. As we have found that there is no dumping margin for Saarstahl with respect to its U.S. sales, we have also found that there is no duty absorption.

#### **Changes Since the Preliminary Results**

We have made the following changes from the preliminary results:

1. We included payment dates for certain home market sales that were not included in the preliminary results, according to Saarstahl's April 28, 1999, submission and the verification results. Accordingly, we revised the imputed credit expenses for those sales.

2. We reallocated the materials, labor, and overhead costs reported by Saarstahl, in accordance with our verification findings (see Verification Report at pages 5-6). The reallocation did not change the total cost of manufacturing reported. We used the computer programming language

supplied by Saarlstahl in its case brief to accomplish the reallocation.

3. We revised the reported depreciation, general and administrative (G&A), and financial expense ratios to reflect corporate-wide costs, rather than rolled products division expenses, based on our verification findings.

4. We corrected the reported billing adjustments for two home market sales, based on verification findings.

5. We added an early payment discount for one home market sale, based on verification findings.

6. We revised the payment dates for certain home market and U.S. sales to reflect the actual date Saarlstahl received payment, based on verification findings. Accordingly, we revised the imputed credit expenses for those sales. (A separate issue concerning payment dates is discussed below at Comment 5.)

7. We revised the reported home market and U.S. indirect selling expenses to exclude bank fees reported separately.

8. We revised the arm's length test to affiliated customers to account for level of trade in making affiliated to unaffiliated price comparisons, in accordance with the Department's practice (see, e.g., *Final Results and Partial Rescission of Antidumping Duty Administrative Review: Certain Pasta From Turkey*, 63 FR 68429, 68432, December 11, 1998). We also corrected an error in the programming language which prevented the program from performing a complete comparison of affiliated to unaffiliated customer prices. We did not make the programming change suggested in Saarlstahl's case brief at page 6, as we determined that Saarlstahl's proposal did not correct the error.

9. We revised the reported production quantity for one product, based on our verification findings, for purposes of weight-averaging the costs of production. See Comment 4 below for further discussion.

#### Interested Party Comments

##### *Comment 1: Casting Type as a Product Matching Criterion*

The petitioners contend that casting type—i.e., whether a product is produced from bloom-cast billets or continuous cast billets—should be included in the Department's model matching hierarchy as the second most important criterion. The petitioners argue that the type of casting has a much greater impact on cost and commercial value than any of the remaining product characteristics, as indicated, according to the petitioners, by Saarlstahl's own cost information.

Saarlstahl responds that the petitioners failed to introduce any timely information concerning quantifiable physical differences between bloom-cast and billet-cast products. Therefore, Saarlstahl states that the Department must maintain the determination made in the preliminary results and decline to add casting type as a product matching characteristic.

*DOC Position:* We disagree with the petitioners and we continue to make product comparisons based on chemical composition, shape, cut (i.e., coil or cut-to-length), size, and grade, as in our preliminary results and in the underlying less-than-fair value (LTFV) investigation.

As discussed in the preliminary results Model Match Methodology Memorandum from the Team to Irene Darzenta Tzafolias, dated March 22, 1999 (Model Match Methodology Memorandum), for purposes of selecting model match criteria, the Department normally relies on physical characteristics of the merchandise that are identifiable and/or quantifiable (see, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Melamine Institutional Dinnerware Products From Indonesia*, 61 FR 43333, 43334, August 22, 1996, and *Notice of Preliminary Results of Antidumping Duty Administrative Review: Porcelain-on-Steel Cookware From Mexico*, 63 FR 1430, 1431, January 9, 1998). Casting type is a production method, not a physical characteristic of the merchandise. As such, it is not an appropriate criterion for inclusion in our model match methodology.

Throughout this segment of the proceeding, the petitioners have argued that bloom casting makes the finished merchandise "better." The physical characteristic that makes the product better, say petitioners in their July 2, 1998, and August 6, 1998, letters, is the more uniform distribution of lead and bismuth within the steel, and enhanced manganese sulfide formation. In effect, the petitioners contend that these factors, as apparently determined by the casting method, are so important that they outweigh the shape, cut form, size, and grade of the merchandise in determining the most similar match. We find no basis on the record to support this contention.

No party has provided any information, nor did we find any evidence at verification, to indicate that customers order products specifying, among other things, lead and bismuth distribution and manganese sulfide formation. No party has provided any timely information, nor did we find any

evidence at verification, that lead and bismuth distribution and manganese sulfide formation are measured, quantified, and tracked through the production process. Instead, the evidence on the record, as we verified, shows that customers order the subject merchandise by chemical composition (including grade), shape, cut form, and size. We found no evidence that either casting type, lead and bismuth distribution, or sulfide qualities were specified as part of a customer order. The only link between a customer order specification and the production process that we observed at verification was that, where ultrasound testing of the billet was requested, Saarlstahl had to utilize a bloom cast billet (see Verification Report at pages 9–10). There is no information on the record of this proceeding, however, that a customer specification for ultrasound testing is equivalent to a specification for bloom casting.

We recognize that bloom casting results in a higher cost for producing the subject merchandise. However, a cost difference alone is not a sufficient basis to establish a model matching characteristic. As we noted in the last segment of the administrative review of the companion antidumping duty order on the subject merchandise from the United Kingdom, "the creation of a product concordance inherently relies upon the matching of significant physical characteristics, not on cost groupings in a company's cost accounting system." (See, *Notice of Final Results of Antidumping Duty Administrative Review: Certain Hot-Rolled Lead and Bismuth Carbon Steel Products from the United Kingdom*, 63 FR 18879, 18881, April 16, 1998.) Consistent with our usual practice to compute weighted-average costs for identical (in terms of the Department's matching characteristics) merchandise produced at multiple production lines or facilities with different costs (see, e.g., the Department's standard antidumping duty administrative review questionnaire at page D–2), we have followed our preliminary results methodology and calculated a weighted-average cost of bloom-cast and billet-cast models with the same physical characteristics.

##### *Comment 2: Casting Type of Saarlstahl's U.S. Sales*

The petitioners contend that Department practice considers the data on mill test certificates to be definitive evidence of the physical characteristics of the merchandise sold. Therefore, based on the statement in the mill certificate that Saarlstahl's U.S. sales

were produced from billets made from continuous cast blooms, the petitioners argue that, in fact, the U.S. sales were produced from continuous cast blooms. As such, the petitioners assert that the Department should apply facts available in calculating the margins for these sales due to the misreporting of the product and its attendant costs. In the alternative, should the Department conclude that the sales in question were actually produced from continuous cast billets, rather than blooms, the petitioners contend that the Department should disregard the U.S. sales in this review. According to the petitioners, because the mill certificates indicate that the merchandise was made from blooms, Saarstahl misled its customer as to the production of the merchandise and provided it with an inferior product than that indicated on each mill certificate. Thus, the petitioners continue, the U.S. sales cannot form an appropriate basis for the calculation of a dumping margin.

Saarstahl notes that its submissions in the course of this proceeding and the Department's examination of this issue at verification, including examination of production certificates, casting records and production instructions, all conclusively confirm that Saarstahl's U.S. sales were produced from continuous cast billets and not bloom-cast billets. Saarstahl adds that the petitioners fail to mention that directly below the statement in question on the mill test certificates is a reduction ratio that shows that the merchandise could not possibly have been made from blooms. Saarstahl continues that there is no basis on the record to support the petitioners' bald assertion that Saarstahl misled its customers about the nature of the merchandise. Saarstahl states that it produced the merchandise using its normal production process for leaded steels (i.e., billet-casting), and that there is no evidence that Saarstahl's production from continuous cast billets is in any way deficient or inferior.

*DOC Position:* We agree with Saarstahl. As Saarstahl notes, the Department thoroughly examined this issue at verification. While the mill certificates for the sales in question contain language that suggests the sales were produced from blooms, as cited by the petitioners, the same mill certificates also include the reduction ratio, which, as Saarstahl states, provides a quantifiable measure of the rolling process. As Saarstahl claimed and we verified, the reduction ratio on the mill certificate indicates a billet-cast product. All of the other evidence examined at verification, including customer purchase orders, invoices,

heat certificates, heat production logs, and production "recipes," showed that the sales were produced from continuous cast billets (see Verification Report at pages 9–11). In light of the substantial evidence in support of Saarstahl's characterization of the U.S. sales as produced from continuous cast billets, as opposed to the petitioners' reliance on a single line in the mill certificate referencing continuous cast blooms, we conclude that the U.S. sales were produced from continuous cast billets. Thus, application of facts available in lieu of the use of the reported and verified data, as urged by the petitioners, is not warranted in this case.

We also find no factual basis on the record for the petitioner's contention that, if the sales were not produced from blooms, Saarstahl misled its customer. The customer's purchase order did not specify production method. Further, none of the sales documentation reported and reviewed at verification misrepresented the production of Saarstahl's sales to its customer. As discussed previously, the bloom-cast notation on the mill certificate is followed by the reduction ratio, which shows that cast billets were used in the production process. Thus, it appears that the customer received sufficient information to determine if its specifications were met. We also found no indication that Saarstahl's customer rejected the merchandise or otherwise complained about the product for alleged misrepresentation. In sum, there is no basis on the record to reject Saarstahl's reported POR sales.

*Comment 3: Adjusting Saarstahl's Costs for Over-reporting*

Saarstahl states that, at verification, it demonstrated that it over-reported certain costs of production because it reported costs based on exchange rate loss estimates and imputed personnel expenses for fringe benefits, as recorded in its cost accounting system. According to Saarstahl, its actual expenses for these items were lower than reported, as it experienced an exchange rate gain during the POR, and its actual personnel expenses were lower than the imputed amount. Therefore, Saarstahl contends that the Department should adjust its costs downward to reflect these actual costs.

The petitioners respond that these adjustments should not be made because they represent new information provided by Saarstahl for the first time at verification. The petitioners state that these adjustments are inconsistent with Saarstahl's own cost accounting system and should be rejected.

*DOC Position:* We agree with the petitioners that the information is untimely. While we successfully verified Saarstahl's costs, as reported to the Department in a timely manner, the claimed adjustments between the cost and financial accounting systems were never reported to the Department prior to verification. Thus, these adjustments were not part of the cost of production questionnaire response that was the subject of verification.

*Comment 4: Correction of Production Quantities for Weight-Averaging of Costs*

The petitioners state that, if the Department declines to include casting method as a product characteristic, as discussed above, then it should correct the reported production quantities used for the weight-averaging of costs. The petitioners refer to the Department's finding at verification that Saarstahl did not subtract the production quantities of bloom-cast and secondary merchandise from the billet-cast total, resulting in the double-counting of some products and the understatement of costs in the weighted-average total. Accordingly, the petitioners contend that the Department should adjust the production quantities in calculating the weighted-average costs.

Saarstahl states that it properly reported its cost of production based upon the explicit directions given by the Department. Saarstahl claims that the Department's observation that, for sales sampled at verification, Saarstahl over-reported the production quantity for billet-cast products is not universally true for all of Saarstahl's reported products. Should the Department combine and weight-average its reported costs, as it did for the preliminary results, Saarstahl contends that the Department should do so in a way that does not negatively impact Saarstahl.

*DOC Position:* Although we stated in the Verification Report at pages 18–19 that the double-counting of production quantities for a billet-cast product observed at verification appeared to apply to all of Saarstahl's billet-cast products, further analysis of the cost of production data indicates that this situation is not necessarily the case. For example, the cost of production data base includes products where the reported production quantity for a bloom-cast product is greater than the production quantity reported for a billet-cast product with identical physical characteristics. Therefore, we have revised the reported production quantity only for the product identified in the Verification Report for which we

verified that the production quantity was double counted.

**Comment 5: Bill of Exchange Payment Date**

Saarstahl asserts that it properly reported the date it received a bill of exchange from a home market customer as the payment date for purposes of calculating imputed credit. Saerstahl states that a bill of exchange is a negotiable monetary instrument that has a cash value on the date of its receipt, thus Saerstahl's reporting of the bill receipt in the same manner as a cash payment was proper.

**DOC Position:** We have made no changes to Saerstahl's reporting of sales paid by a bill of exchange. Even if a bill of exchange receipt were considered to be equivalent to a cash payment, in these particular circumstances, there is no significant difference in calculating imputed credit between Saerstahl's reporting method, which includes an extra fee charged to the customer to account for either the extra payment period or discounting of the bill at a bank (see Verification Report at pages 23-24), and a methodology based on the actual date cash was received. Therefore, for purposes of this review, we have made no adjustment.

**Final Results of the Review**

As a result of this review, we have determined that the following margins exist for the period March 1, 1997 through February 28, 1998:

Manufacturer/ exporter	Period	Margin (percent)
Saerstahl AG (Saerstahl)	3/1/97-2/28/98	0.00

The Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. We have calculated an importer-specific assessment rate based on the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of those same sales. This rate will be assessed uniformly on all entries of that particular importer made during the POR. The Department will issue appropriate appraisal instructions directly to the Customs Service. In accordance with 19 CFR 351.106(c)(2), we will instruct the Customs Service to liquidate without regard to antidumping duties all entries of the subject merchandise during the POR for which the importer-specific assessment rate is zero or *de minimis* (i.e., less than 0.50 percent).

Further, the following deposit requirements shall be effective for all

shipments of the subject merchandise from Germany that are entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided for by section 751(a)(1) of the Act: (1) The cash deposit rate for Saerstahl will be the rate established above in the "Final Results of Review" section; (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 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) the cash deposit rate for all other manufacturers or exporters of this merchandise will continue to be 85.05 percent, the all others rate established in the final determination of the LTFV investigation (58 FR 6205, January 27, 1993).

The deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a final reminder to importers of their responsibility under 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 notice serves as the only 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 CFR 353.34(d). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulation and the terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221.

Dated: July 30, 1999.

**Joseph A. Spetrini,**  
Acting Assistant Secretary for Import Administration.

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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-412-810]

**Certain Hot-Rolled Lead and Bismuth Carbon Steel Products From the United Kingdom: Final Results of Antidumping Administrative Review**

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

**ACTION:** Notice of final results of antidumping duty administrative review.

**SUMMARY:** On April 6, 1999, the Department of Commerce published the preliminary results of the administrative review of the antidumping duty order on certain hot-rolled lead and bismuth carbon steel products from the United Kingdom (64 FR 16699). This review covers British Steel Engineering Steels Limited, a manufacturer/exporter of the subject merchandise to the United States, and the period March 1, 1997, through February 28, 1998. We gave interested parties an opportunity to comment on the preliminary results. Based on our analysis of the comments received and the correction of certain data, the final results differ from the preliminary results. The final results are listed below in the "Final Results of Review" section of this notice.

**EFFECTIVE DATE:** August 9, 1999.

**FOR FURTHER INFORMATION CONTACT:** Rebecca Trainor or Kate Johnson, Office 2, AD/CVD Enforcement Group I, Import Administration, Room B099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-4007, or (202) 482-4929, respectively.

**SUPPLEMENTARY INFORMATION:**

**Background**

On April 6, 1999, the Department of Commerce (the Department) published in the **Federal Register** the preliminary results of the 1997-1998 administrative review of the antidumping duty order on certain hot-rolled lead and bismuth carbon steel products from the United Kingdom (64 FR 16699) (*Preliminary Results*). On June 15, 1999, British Steel Engineering Steels Limited (BSES) submitted its case brief. On June 23, 1999, Ispat Inland Inc. and USS/KOBE Steel Co. (the petitioners), submitted their rebuttal brief. The Department held a hearing on June 25, 1999. The Department has now completed its administrative review in accordance