

DEPARTMENT OF COMMERCE

International Trade Administration

[A-583-828]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Wire Rod from Taiwan

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

EFFECTIVE DATE: March 5, 1998.

FOR FURTHER INFORMATION CONTACT:

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The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the 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, 62 FR 27296 (May 19, 1997).

Preliminary Determination

We preliminarily determine that stainless steel wire rod (SSWR) from Taiwan is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the initiation of this investigation (*Notice of Initiation of Antidumping Investigations: Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan*, 62 FR 45224 (August 26, 1997) (*Notice of Initiation*)), the following events have occurred:

On August 21, 1997, the Department issued a cable to the American Institute in Taiwan requesting information identifying potential Taiwanese producers and/or exporters of the subject merchandise to the United States. We did not receive a response from the American Institute in Taiwan. However, on August 29, 1997, and September 18, 1997, we received letters of appearance on behalf of Walsin Cartech Specialty Steel Corporation (Walsin) and Yieh Hsing Enterprise

Corporation, Ltd. (Yieh Hsing), respectively. Based on these letters of appearance and information contained in the petition, on September 19, 1997, the Department issued antidumping questionnaires to both Walsin and Yieh Hsing (hereinafter "the respondents").

In September 1997, the United States International Trade Commission (ITC) issued an affirmative preliminary injury determination in this case (see ITC Investigation No. 731-TA-775).

On October 10, 1997, the petitioners in this case (*i.e.*, AL Tech Specialty Steel Corp., Carpenter Technology Corp., Republic Engineered Steels, Talley Metals Technology, Inc., and United Steelworkers of America) requested that the Department revise its questionnaire to obtain information on the actual nickel, chromium, and molybdenum content for each sale of the SSWR made during the period of investigation (POI). The Department, upon consideration of the comments from all parties on this matter, issued a memorandum on December 18, 1997, indicating its decision to make no changes in the model-matching criteria specified in the September 19, 1997, questionnaire (see Memorandum from Team to Holly Kuga, Office Director, dated December 18, 1997).

Also in October 1997, the Department received responses to Section A of the questionnaire from the respondents. The respondents submitted responses to sections B, C, and D of the questionnaire in November 1997.

On December 11, 1997, pursuant to section 733(c)(1)(A) of the Act, the petitioners made a timely request to postpone the preliminary determination. On December 16, 1997, we granted this request and postponed the preliminary determination until no later than February 25, 1998 (62 FR 66849, December 22, 1997).

We issued supplemental questionnaires to the respondents in December 1997 and received responses to these questionnaires in January 1998.

On January 26, 1998, the petitioners submitted a "targeted-dumping" allegation with regard to Yieh Hsing's sales in the United States. The petitioners requested that the Department compare transaction-specific export prices in the U.S. market to the weighted-average normal values in calculating the antidumping margin for Yieh Hsing. Yieh Hsing responded to this allegation on February 6, 1998. (See the "Targeted Dumping" section of this notice, below, for further discussion.)

We received comments from the petitioners concerning the information reported in the respondents' questionnaire responses and issues they

considered relevant to the preliminary determination on February 6, 1998, and February 12, 1998.

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2) of the Act, on February 6, 1998 and February 20, 1998, Yieh Hsing and Walsin, respectively, requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the date of the publication of an affirmative preliminary determination in the **Federal Register**. On February 18, 1998, Yieh Hsing amended its request to include a request to extend the provisional measures from a four-month period to not more than six months. Walsin included its request to extend the provisional measures in its February 20, 1998 letter. In accordance with 19 CFR 351.210(b)(2), because (1) our preliminary determination is affirmative, (2) Yieh Hsing and Walsin account for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the respondents' request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

Scope of Investigation

For purposes of this investigation, SSWR comprises products that are hot-rolled or hot-rolled annealed and/or pickled and/or descaled rounds, squares, octagons, hexagons or other shapes, in coils, that may also be coated with a lubricant containing copper, lime, or oxalate. SSWR is made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are manufactured only by hot-rolling or hot-rolling, annealing, and/or pickling and/or descaling, are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed and pickled, and later cold-finished into stainless steel wire or small-diameter bar.

The most common size for such products is 5.5 millimeters or 0.217 inches in diameter, which represents the smallest size that normally is produced on a rolling mill and is the size that most wire-drawing machines are set up to draw. The range of SSWR sizes normally sold in the United States is between 0.20 inches and 1.312 inches

diameter. Two stainless steel grades, SF20T and K-M35FL, are excluded from the scope of the investigation. The chemical makeup for the excluded grades is as follows:

SF20T			
Carbon	0.05 max	Chromium	19.00/21.00.
Manganese	2.00 max	Molybdenum	1.50/2.50.
Phosphorous	0.05 max	Lead	Added (0.10/0.30).
Sulfur	0.15 max	Tellurium	Added (0.03 min).
Silicon	1.00 max.		
K-M35FL			
Carbon	0.015 max	Nickel	0.30 max.
Silicon	0.70/1.00	Chromium	12.50/14.00.
Manganese	0.40 max	Lead	0.10/0.30.
Phosphorous	0.04 max	Aluminum	0.20/0.35.
Sulfur	0.03 max.		

The products under investigation are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Period of Investigation

The POI is July 1, 1996, through June 30, 1997.

Targeted Dumping

On January 26, 1998, the petitioners requested that, for Yieh Hsing, the Department compare the transaction-specific export prices in the United States market to weighted-average normal values, in accordance with the "targeted-dumping" provisions of section 777A(d)(1)(B) of the Act. The petitioners' allegation claimed that Yieh Hsing's prices for the subject merchandise in the United States vary significantly on the basis of purchaser and that using a weighted-average price in the Department's analysis would have the effect of concealing or minimizing the margin of dumping. On February 6, 1998, Yieh Hsing submitted comments challenging the petitioners' targeted-dumping allegation.

The Department has denied the petitioners' request to compare the transaction-specific prices in the United States market to weighted-average normal values because the petitioners' analysis failed to meet the basic requirements of section 777A(d)(1)(B)(i). The petitioners' statistical analysis goes no further than a simple comparison of average prices to different customers. Such a comparison, without further statistical analysis, does not yield meaningful conclusions about a pattern of export prices differing significantly

among purchasers. See *Preliminary Determination of Sales at Less Than Fair Value: Certain Pasta From Italy*, 61 FR 1344 (January 19, 1996). Also see Concurrence Memorandum dated February 25, 1998 ("Concurrence Memorandum") for further discussion of this issue.

Level of Trade

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

To determine whether NV sales are at a different LOT than EP or CEP, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under

section 773(a)(7)(B) of the Act (the CEP offset provision). See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

Neither respondent claimed a LOT adjustment. Nevertheless, we evaluated whether such an adjustment was necessary by examining each respondent's distribution system, including selling functions, classes of customers, and selling expenses. We found that the selling functions performed by each respondent, which included sales negotiation and shipping arrangements, where applicable, are sufficiently similar in the United States and the home market to consider them as constituting the same LOT in the two markets. Accordingly, all comparisons are at the same LOT and an adjustment pursuant to section 773(a)(7)(A) of the Act is not warranted. See Concurrence Memorandum.

Fair Value Comparisons

To determine whether sales of SSWR from Taiwan to the United States were made at less than fair value, we compared the EP or the CEP to the NV, as described in the "Export Price," "Constructed Export Price" and "Normal Value" sections of this notice, below. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs or CEPs for comparison to weighted-average NVs.

We have considered price-averaging groups by customer types, but we found no basis on which to conclude that we should use price-averaging groups in our analysis. Accordingly, we have not based price comparisons on customer types.

On January 8, 1998, the Court of Appeals for the Federal Circuit issued a decision in *CEMEX v. United States*,

1998 WL 3626 (Fed Cir.). In that case, based on the pre-URAA version of the Act, the Court discussed the appropriateness of using CV as the basis for foreign market value when the Department finds home market sales to be outside the "ordinary course of trade." This issue was not raised by any party in this proceeding. However, the URAA amended the definition of sales outside the "ordinary course of trade" to include sales below cost. See Section 771(15) of the Act. Consequently, the Department has reconsidered its practice in accordance with this court decision and has determined that it would be inappropriate to resort directly to CV, in lieu of foreign market sales, as the basis for NV if the Department finds foreign market sales of merchandise identical or most similar to that sold in the United States to be outside the "ordinary course of trade." Instead, the Department will use sales of similar merchandise, if such sales exist. The Department will use CV as the basis for NV only when there are no above-cost sales that are otherwise suitable for comparison. Therefore, in this proceeding, when making comparisons in accordance with section 771(16) of the Act, we considered all products sold in the home market as described in the "Scope of Investigation" section of this notice, above, that were in the ordinary course of trade for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade, based on the characteristics listed in Sections B and C of our antidumping questionnaire. We have implemented the Court's decision in this case, to the extent that the data on the record permitted.

With respect to the characteristics used to make product comparisons, the Department's questionnaire instructed the respondents to report the grades of the SSWR products that they sold during the POI in accordance with AISI standards. In their sales listings, the respondents reported both AISI and non-AISI (or internal) grades in accordance with their sales accounting systems. The petitioners argued that the respondents should not make changes to the product characteristics once the Department had established such characteristics because it could (a) seriously jeopardize the accuracy of the Department's investigations, (b) extraordinarily complicate the

investigations, and (c) permit substantial manipulation of model matches.

It is not the Department's normal practice to allow companies to change the criteria to be used for model-match purposes based on their own internal product-coding system once such criteria have been established. Any such deviation leads to the possibility that the margins calculated for each company under investigation could be based on completely different product-grouping criteria. In addition, allowing companies to deviate from the criteria may permit manipulation of model matches, not only for the investigation, but also in future reviews, in the event this investigation results in an antidumping duty order.

Therefore, in instances where the respondent has reported a non-AISI grade (or an internal grade code) for a product that corresponds to a single AISI category, we have used the actual AISI grade rather than the non-AISI grades reported by the respondent for purposes of our preliminary analysis. However, in instances where the respondents reported a non-AISI (or an internal grade code) that does not correspond to an AISI grade, we have preliminarily used the grade code reported by the respondents for purposes of our analysis. For further discussion of this issue, see the Concurrence Memorandum dated February 25, 1998. We intend to examine this issue further for the final determination.

Both Walsin and Yieh Hsing reported that they made sales of non-prime merchandise in the home market during the POI. However, given the limited home market sales quantity of non-prime merchandise and the fact that no such sales were made to the United States during the POI, where possible, we excluded non-prime sales from our analysis in accordance with our past practice. See, e.g., *Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate from Korea*, 58 FR 37176, 37180 (July 9, 1993). For similar reasons, where possible, we excluded from our comparisons all home market sales of defective merchandise. See Concurrence Memorandum.

Export Price/Constructed Export Price

For both respondents, we based our calculations on EP, in accordance with section 772(a) of the Act, when the subject merchandise was sold by the

producer or exporter directly to the first unaffiliated purchaser in the United States prior to importation, and CEP methodology was not otherwise indicated. In accordance with section 772(b) of the Act, when the subject merchandise was first sold in the United States by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to an unaffiliated purchaser, we used CEP.

Yieh Hsing classified all of its sales of SSWR in the United States as EP sales in its questionnaire response, including those sales made prior to importation through a U.S. sales agent. We examined several factors to determine whether sales made prior to importation through a U.S. sales agent to an unaffiliated customer in the United States are EP sales. These factors are (1) whether the merchandise was shipped directly from the manufacturer to the unaffiliated U.S. customer; (2) whether the sales follow customary commercial channels between the parties involved; and (3) whether the function of the U.S. selling agent is limited to that of a "processor of sales-related documentation" and a "communication link" with the unrelated U.S. buyer. Where the factors indicate that the activities of the U.S. selling agent are ancillary to the sale (e.g., arranging transportation or customs clearance), we treat the transactions as EP sales. Where the U.S. selling agent is substantially involved in the sales process (e.g., negotiating prices), we treat the transactions as CEP sales. See *Certain Cut-to-Length Carbon Steel Plate from Germany: Final Results of Antidumping Administrative Review*, 62 FR 18389, 18391 (April 15, 1997).

Based on our review of the selling activities of the U.S. selling agent, we reclassified Yieh Hsing's U.S. sales of SSWR through the agent as CEP sales because the agent acted as more than a "processor of sales-related documentation" and a "communication link" with the unaffiliated U.S. customer. The U.S. sales agent performed a variety of selling functions on behalf of Yieh Hsing in connection with Yieh Hsing's SSWR sales in the United States including identifying U.S. customers on its own and negotiating the terms of sale with U.S. customers. Therefore, we preliminarily determine that Yieh Hsing's U.S. sales of SSWR through its U.S. sales agent are CEP sales. For further discussion of this issue, see the Concurrence Memorandum.

A. Export Price**Walsin**

We calculated EP based on packed, delivered prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for rebates, foreign inland freight, foreign brokerage and handling expenses, international freight and marine insurance, pursuant to section 772(c)(2)(A) of the Act.

Yieh Hsing

We calculated EP based on packed, delivered prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for foreign inland freight, foreign brokerage and handling, ocean freight, and marine insurance, pursuant to section 772(c)(2)(A) of the Act.

B. Constructed Export Price**Walsin**

We calculated CEP based on the packed, delivered price to the first unaffiliated customer in the United States in accordance with section 772(b) of the Act. We made deductions from the starting price for rebates, foreign inland freight, foreign brokerage and handling, ocean freight, marine insurance, U.S. duty and U.S. brokerage as appropriate, in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, we made additional adjustments to the starting price by deducting direct and indirect selling expenses associated with economic activities occurring in the United States, including credit expenses and unaffiliated-party commissions. Finally, we made an adjustment for CEP profit in accordance with sections 772(d)(3) and 772(f) of the Act.

Yieh Hsing

We calculated CEP based on packed, delivered prices to unaffiliated purchasers in the United States in accordance with section 772(b) of the Act. We made deductions from the starting price, where appropriate, for discounts, foreign inland freight, foreign brokerage and handling, U.S. customs duties and harbor maintenance and merchandise processing fees (which are included in U.S. duties), international freight and marine insurance, pursuant to section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, we made additional adjustments to the starting price by deducting selling expenses associated with economic activities occurring in the United States, including credit

expenses and commissions. However, because the deduction of this commission results in a price corresponding as closely as possible to an export price, we have not made any additional deduction of CEP profit. See Concurrence Memorandum of February 25, 1998.

Normal Value

After testing home market viability, whether sales to affiliates were at arm's-length prices, and whether home market sales were at below-cost prices, we calculated NV as noted in the "Price-to-Price Comparisons" and "Price-to-CV Comparisons" sections of this notice.

1. Home Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared each respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Because each respondent's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was viable for each respondent.

2. Affiliated-Party Transactions and Arm's-Length Test

We excluded sales to affiliated customers in the home market not made at arm's-length prices from our analysis because we considered them to be outside the ordinary course of trade. See 19 CFR 351.102. To test whether these sales were made at arm's-length prices, we compared, on a model-specific basis, starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing. Where, for the tested models of subject merchandise, prices to the affiliated parties were on average 99.5 percent or more of the price to the unaffiliated parties, we determined that sales made to the affiliated parties were at arm's length. See 19 CFR 351.403(c) and 62 FR at 27355 (preamble to the Department's regulations). In instances where no affiliated-customer 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 LTFV analysis. See *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products*

from Argentina, 58 FR 37062, 37077 (July 9, 1993). Where the exclusion of such sales eliminated all sales of the most appropriate comparison product, we made a comparison to the next most similar model.

3. Cost-of-Production Analysis

Based on the cost allegation submitted by the petitioners in the petition, the Department found reasonable grounds to believe or suspect that Walsin and Yieh Hsing had made sales in the home market at prices below the cost of producing the merchandise, in accordance with section 773(b)(1) of the Act. As a result, the Department initiated an investigation to determine whether the respondents made home market sales during the POI at prices below their respective COPs within the meaning of section 773(b) of the Act. See *Notice of Initiation*. We conducted the COP analysis described below.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated the COP for each company based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for home market SG&A and packing costs. We made company-specific adjustments to the reported COP as follows:

Walsin. We adjusted the cost of copper that Walsin obtained from an affiliate to reflect the market value paid to unaffiliated suppliers. We recalculated Walsin's general and administrative (G&A) expense factor to include certain miscellaneous income and expense items that relate to the general production activity of the company as a whole. See Memorandum to Christian Marsh from Stan Bowen and Laurens van Houten dated February 25, 1998 ("Cost Memo").

Yieh Hsing. Yieh Hsing failed to report a unique COP for each of the product categories it reported on its computer sales listing. Therefore, we calculated a unique cost for each missing product category based on the grade of billet used in that category's manufacturing process. We adjusted the cost of billets that Yieh Hsing obtained from an affiliated supplier to reflect the market value paid to unaffiliated suppliers. In addition, we increased Yieh Hsing's reported billet cost to account for grinding loss. We adjusted the pickling stage direct labor costs reported in the COP and CV databases to reconcile with amounts reported in the Section D supplemental response. We adjusted Yieh Hsing's submitted G&A expenses to exclude miscellaneous income and expense items, which do not relate to the general production

activities of the company as a whole. See Cost Memo.

B. Test of Home Market Sales Prices

We used each respondent's submitted POI weighted-average COPs, as adjusted (see above). We compared the weighted-average COP figures to home market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below COP. In determining whether to disregard home market sales made at prices below the COP, we examined whether: (1) Within an extended period of time, such sales were made in substantial quantities, and (2) whether such sales were made at prices which permitted the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the COP (net of selling expenses and packing) to the home market prices, less applicable quantity discounts, rebates, movement charges, direct and indirect selling expenses, and packing.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C), where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, we determined such sales to have been made in "substantial quantities" within an extended period of time in accordance with section 773(b)(2)(B) of the Act. In such cases, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Therefore, we disregarded the below-cost sales. Where all sales of a specific product were at prices below the COP, we disregarded all sales of that product.

We found that, for certain models of SSWR, more than 20 percent of Walsin's and Yieh Hsing's home market sales within an extended period of time were at prices less than COP. Further, the prices did not provide for the recovery of costs within a reasonable period of time. We therefore disregarded the below-cost sales and used the remaining above-cost sales as the basis for determining NV, in accordance with section 773(b)(1). For those U.S. sales of SSWR for which there were no comparable home market sales in the ordinary course of trade, we compared

EPs or CEPs to CV in accordance with section 773(a)(4) of the Act.

D. Calculation of CV

In accordance with section 773(e) of the Act, we calculated CV based on the sum of the respondents' cost of materials, fabrication, SG&A, profit, and U.S. packing costs. We adjusted the COP included in the calculation of CV as noted, above, in the "Calculation of COP" section of the notice. In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by each respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in Taiwan.

Price-to-Price Comparisons

Walsin

We calculated NV based on packed, delivered prices to unaffiliated home market customers. We made deductions for foreign inland freight, bank charges and discounts and rebates where appropriate, pursuant to section 773(a)(6)(B) of the Act. Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), we made circumstance-of-sale adjustments, where appropriate, for differences in royalty expenses, credit expenses and interest revenue. Because Walsin paid commissions on U.S. sales, in calculating NV, we offset these commissions using the weighted-average amount of indirect selling expenses and inventory carrying costs incurred on the home market sales for the comparison product, up to the amount of the U.S. commissions. See 19 CFR 351.410(e).

We deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6) of the Act. Where appropriate, we made adjustments to NV to account for differences in physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411.

Yieh Hsing

We calculated NV based on packed, delivered prices to home market unaffiliated customers and prices to affiliated customers that we determined to be at arm's length. We made deductions for early payment discounts and foreign inland freight, where appropriate, pursuant to section 773(a)(6)(B) of the Act. Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), we made circumstance-of-sale adjustments, where appropriate, for differences in credit

expenses and interest revenue. Because Yieh Hsing paid commissions on U.S. sales, in calculating NV, we offset these commissions using the weighted-average amount of indirect selling expenses incurred on the home market sales for the comparison product, up to the amount of the U.S. commissions. See 19 CFR 351.410(e). We did not include inventory carrying costs in the weighted-average amount of home market indirect selling expenses because Yieh Hsing did not calculate this expense in either its original or supplemental responses properly. See Concurrence Memorandum.

We deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6) of the Act. Where appropriate, we made adjustments to NV to account for differences in physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411.

Price-to-CV Comparisons

For price-to-CV comparisons, we made adjustments to CV in accordance with section 773(a)(8) of the Act. Where CV was compared to EP, we deducted from CV the weighted-average home market direct selling expenses and added the weighted-average U.S. product-specific direct selling expenses in accordance with section 773(a)(6)(C)(iii) of the Act. Where CV was compared to CEP, we deducted from CV the weighted-average home market direct selling expenses (which included credit expenses).

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.

Section 773A(a) directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we substitute the benchmark rate for the daily rate, in accordance with established practice. Further, section 773A(b) directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of

benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see *Policy Bulletin 96-1: Currency Conversions*, 61 FR 9434 (March 8, 1996).) Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar. The use of an adjustment period was not warranted in this case because the New Taiwan dollar did not undergo a sustained movement during the POI.

Verification

As provided in section 782(i) of the Act, we will verify all information determined to be acceptable for use in making our final determination.

Suspension of Liquidation

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

Exporter/manufacturer	Weighted-average margin Percentage
Walsin Cartech Specialty Steel Corporation	27.81
Yieh Hsing Enterprise Corporation, Ltd.	10.50
All Others	17.09

ITC Notification

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

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than May 22, 1998, and rebuttal briefs no later than May 29, 1998. A list of authorities used and an executive summary of issues must accompany any briefs submitted to

the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on June 2, 1998, time and room to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

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

This determination is published pursuant to section 777(i) of the Act.

Dated: February 25, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98-5599 Filed 3-4-98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-401-806]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Wire Rod From Sweden

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

EFFECTIVE DATE: March 5, 1998.

FOR FURTHER INFORMATION CONTACT: Sunkyu Kim or Brian Smith, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2613 or (202) 482-1766, respectively.

The Applicable Statute

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

Preliminary Determination

We preliminarily determine that stainless steel wire rod ("SSWR") from Sweden is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the initiation of this investigation (*Notice of Initiation of Antidumping Investigations: Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan* (62 FR 45224, August 26, 1997)), the following events have occurred:

In August 1997, the Department obtained information from the U.S. Embassy in Sweden identifying Fagersta Stainless AB ("Fagersta") as the only potential producer and/or exporter of the subject merchandise to the United States. Based on this information, the Department issued the antidumping questionnaire to Fagersta in September 1997. Section A of the questionnaire requests general information concerning the company's corporate structure and business practices, the merchandise under investigation that it sells, and the sales of that merchandise in all markets. Sections B and C of the questionnaire request home market sales listings and U.S. sales listings. Section D of the questionnaire requests information regarding the cost of production of the foreign like product and the constructed value of the merchandise under investigation. Section E of the questionnaire requests information regarding the cost of further manufacture or assembly performed in the United States.

Also in September 1997, the United States International Trade Commission ("ITC") issued an affirmative preliminary injury determination in this case (see ITC Investigation No. 731-TA-770).

In October 1997, the Department received a response to Section A of the