extended the four-month period to not more than six months. *See* 69 FR at 3553. In this investigation, the six-month period began on the date of the publication of the preliminary determination and ended on July 24, 2004. Therefore, in accordance with section 733(d) of the Act and our practice, we will instruct CBP to terminate the suspension of liquidation and to liquidate, without regard to antidumping duties, unliquidated entries of PRCBs from Thailand entered, or withdrawn from warehouse, for consumption on or after July 24, 2004, and before the date of publication of the ITC's final injury determination in the **Federal Register**. Suspension of liquidation will continue on or after this date.

On or after the date of publication of the ITC's notice of final determination in the **Federal Register**, CBP will require, at the same time as importers would normally deposit estimated duties on this merchandise, cash deposits for the subject merchandise equal to the estimated weighted-average antidumping margins listed below. The all-others rate applies to all entries of the subject merchandise except for entries from the companies that are identified individually below.

Producer or exporter	Weighted-average percent margin
Thai Plastic Bags Industries Co., Ltd., Winner's Pack Co., Ltd., andAPEC Film Ltd.	2.26
Advance Polybag Inc., Alpine Plastics Inc., API Enterprises Inc., andUniversal Polybag Co., Ltd.	5.35
Champion Paper Polybags Ltd.	122.88
TRC Polypack	122.88
Zip-Pac Co., Ltd.	122.88
All Others	2.80

This notice constitutes the antidumping duty order with respect to PRCBs from Thailand, pursuant to section 736(a) of the Act. Interested parties may contact the Department's Central Records Unit, Room B–099 of the Main Commerce Building, for copies of an updated list of antidumping duty orders currently in effect.

This order is published in accordance with section 736(a) of the Act and 19 CFR 351.211.

Dated: August 4, 2004.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 04–18266 Filed 8–6–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–824]

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

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

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

SUMMARY: In response to a request from petitioners and ThyssenKrupp Acciai Speciali Terni S.p.A. (TKAST), a producer and exporter of subject merchandise, and ThyssenKrupp AST USA, Inc. (TKAST USA), an importer of subject merchandise, the U.S. Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (SSSS) from Italy.[1] This review covers imports of subject merchandise from TKAST.

The Department preliminary determines that SSSS from Italy 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 and Border Protection (CBP) to assess antidumping duties equal to the difference between constructed export price and normal value.

EFFECTIVE DATE: August 9, 2004.

FOR FURTHER INFORMATION CONTACT: Angelica Mendoza at (202) 482–3019; AD/CVD Operations, Office Six, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On July 2, 2003, the Department published in the **Federal Register** a notice of opportunity to request an administrative review of the antidumping duty order on SSSS from Italy. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review,* 68 FR 39511. On July 31, 2003, TKAST and petitioners requested that the Department conduct an administrative review of the antidumping duty order. On August 22, 2003, the Department initiated an administrative review of the antidumping duty order on SSSS from Italy with regard to TKAST. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 68 FR 50750.

On September 8, 2003, the Department issued an antidumping duty questionnaire to TKAST. On October 3, 2003, TKAST requested that the Department waive its filing requirements, and submitted its response to Section A of the questionnaire. In response to TKAST's request, on October 6, 2003, the Department waived its filing requirements (*i.e.*, number of copies to be submitted) for this review.

On October 30, 2003, TKAST filed its response to Sections B, C, and D of the questionnaire. In its Section B response at page B–1, TKAST requested that it not be required to report the downstream sales of certain affiliated parties. On November 18, 2003, the Department sent TKAST a letter in which it allowed TKAST to exclude certain downstream sales.

On December 18, 2003, we received comments from petitioners on TKAST's questionnaire responses. On January 12, 2004, the Department requested that TKAST respond to Section E of the antidumping duty questionnaire dated September 8, 2003. On January 22, 2004, we rescinded our request that TKAST respond to Section E of the Department's questionnaire.

The Department issued TKAST a supplemental Section A, B, C, and D questionnaire on January 30, 2004. On February 9, 2004, the Department extended the deadline for issuing the

[1] Petitioners include: Allegheny Ludlum Corporation, AK Steel Corporation, J&L Speciality Steel, Inc., North American Stainless, United Steelworkers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zainesville Armco Independent Organization, Inc.

preliminary results of this review by 60 days. *See Extension of Time Limit of the Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from Italy,* 69 FR 3590 (March 1, 2004).

On March 1, 2004, TKAST filed its supplemental Section A, B, C, and D questionnaire response. We received comments on TKAST's supplemental questionnaire response from petitioners on April 2, 2004.

On May 3, 2004, the Department extended the time limit for the preliminary results in this administrative review by an additional 60 days. *See Extension of Time Limit of the Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From Italy,* 69 FR 25564 (May 7, 2004). On May 25, 2004, the Department issued a second supplemental questionnaire to TKAST.

On June 2, 2004, the Department issued a third supplemental questionnaire to TKAST. We issued our verification agenda to TKAST on June 3, 2004. On June 4, 2004, TKAST filed its second supplemental questionnaire response. We received TKAST's third supplemental questionnaire response on June 7, 2004.

Period of Review

The period of review (POR) is July 1, 2002, through June 30, 2003.

Verification

As provided in section 782(i) of the Act, the Department conducted a sales and cost verification of the information provided by TKAST from June 14, 2004, through June 17, 2004, using standard verification procedures, including an examination of relevant sales, cost, and financial records, and a selection of relevant original documentation. Our verification results are outlined in the Memorandum to the File through Abdelali Elouaradia, Program Manager, Office 6, AD/CVD Operations, Verification of Home Market Sales and Cost Questionnaire Responses Submitted by ThyssenKrupp Acciai Speciali Terni S.p.A., dated July 9, 2004 (Sales and Cost Verification Report).

Where necessary, we adjusted TKAST's reported home market, downstream, and U.S. sales databases to account for pre-verification corrections and findings. *See* Sales and Cost Verification Report at 1–3. *See also* Memorandum to the File through Abdelali Elouaradia, Program Manager, Office 6, AD/CVD Operations, Analysis Memorandum for the Preliminary Results, dated July 29, 2004 (Prelim Analysis Memo). Public versions of the verification report and analysis memorandum are on file in the Central Records Unit (CRU), room B–099 of the Herbert C. Hoover Department of Commerce building, 1401 Constitution Avenue, NW., Washington, DC.

Scope of the Review

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 review is currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81,[2] 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and CBP purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the scope of this review 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 this review. 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 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 review. This stainless steel strip in coils is a

[2] Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

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 review. 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.''[3]

Certain electrical resistance alloy steel is also excluded from the scope of this review. 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.''[4]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this review. 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.''[5]

Finally, also excluded from the scope of this review 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).[6] This steel is similar to American Iron and Steel Institute (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.''[7] 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''[8] 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.''[9]

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

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

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

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

[7] ''GIN4 Mo'' is the proprietary grade of Hitachi Metals America, Ltd.

[8] ''GIN5'' is the proprietary grade of Hitachi Metals America, Ltd.

[9] ''GIN6'' is the proprietary grade of Hitachi Metals America, Ltd.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products covered by the ''Scope of the Review'' section above, which were produced and sold by TKAST in the home market during the POR, to be foreign like product for the purpose of determining appropriate product comparisons to U.S. sales of SSSS. We relied on nine characteristics to match U.S. sales of subject merchandise to comparison sales of the foreign like product (listed in order of preference): (1) Grade; (2) hot/cold rolled; (3) gauge; (4) surface finish; (5) metallic coating; (6) non-metallic coating; (7) width; (8) temper; and (9) edge trim. 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 most similar foreign like product on the basis of the characteristics and reporting instructions listed in the Department's questionnaire. *See* Appendix V of the Department's antidumping duty questionnaire to TKAST dated September 8, 2003.

Constructed Export Price

In accordance with section 772(b) of the Act, the 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.

As stated at 19 CFR 351.401(i), the Department will use the respondent's invoice date as the date of sale unless another date better reflects the date upon which the exporter or producer establishes the essential terms of sale. TKAST reported the invoice date as the date of sale for both the U.S. market and the home market because the date of invoice reflects the date on which the material terms of sale were finalized. We used invoice date as the date of sale in the investigation and prior reviews. *See Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils from Italy*, 64 FR 30750 (June 8, 1999) (LTFV Investigation) and *Final Results of Antidumping Duty Administrative Review ('01–'02): Stainless Steel Sheet and Strip in Coils from Italy*, 68 FR 69382 (December 12, 2003).

For purposes of this review, TKAST classified all of its export sales of SSSS to the United States as CEP sales. During the POR, TKAST made sales to the United States through its U.S. affiliate,

TKAST USA. *See* TKAST's Section A questionnaire response dated October 3, 2003 at A–31. Based on record information, we preliminarily find that all of TKAST's U.S. sales are appropriately classified as CEP sales. In particular, TKAST reported that it sold the subject merchandise in the United States through two channels (*i.e.*, channel one and channel two).

With respect to channel one sales, TKAST reported that these sales are shipped directly from the factory in Italy to the U.S. customer. However, TKAST's U.S.-based affiliated reseller (TKAST USA) serves as the principal point of contact for the U.S. customer. For channel one sales, customers place their orders with TKAST USA and in turn, TKAST USA places the order with TKAST. Upon confirmation from TKAST, TKAST USA issues a separate invoice to the U.S. customer. TKAST USA is solely responsible for collecting payment from the U.S. customer, and separately responsible for paying TKAST for the merchandise.

Channel two sales are made from the inventory of TKAST USA. Accordingly, the Department preliminarily determines that TKAST's channel one and two sales were made ''in the United States'' within the meaning of section 772(b) of the Act, and therefore, should be treated as CEP transactions, consistent with *AK Steel Corp.* v. *United States*, 226 F.3d 1361, 1374 (Fed. Cir. 2000).

We calculated CEP in accordance with section 772(c) of the Act. We based CEP on the packed prices to the unaffiliated purchasers in the United States. We made adjustments to the starting price (gross unit price) for billing adjustments, early payment discounts, alloy surcharges, skid surcharges, and freight revenue, where applicable. In accordance with section 772(c)(2)(A) of the Act, we deducted the following movement expenses, where appropriate, from the starting price: foreign inland freight from the plant to port of exit, international freight, U.S. inland freight from warehouse to the unaffiliated U.S. customer, other U.S. transportation expenses, and U.S. Customs duties. *See also* 19 CFR 351.401(e). In addition, because TKAST reported CEP sales, pursuant to section 772(d)(1) of the Act, we deducted from the starting price selling expenses associated with economic activities that occurred in the United States during the POR, including direct U.S. selling expenses (*i.e.*, credit and warranty expenses), U.S. inventory carrying costs, and indirect selling expenses incurred in the United States (including technical service expenses).

Normal Value

After testing home market viability, as discussed below, we calculated normal value (NV) as noted in the ''Price-to-Price Comparisons'' section of this notice.

1. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than or equal to five percent of the aggregate volume of U.S. sales), we compared TKAST's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise. Pursuant to section 773(a)(1)(B) of the Act and section 351.404(b) of the Department's regulations, because TKAST'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 determine that sales in the home market provide a viable basis for calculating NV. Moreover, there is no evidence on the record supporting a particular market situation in the exporting company's country that would not permit a proper comparison of home market and U.S. prices. Therefore, we based NV on home market sales in the usual commercial quantities and in the ordinary course of trade.

Therefore, we used as NV the prices at which the foreign like product was first sold for consumption in Italy, in the usual commercial quantities, in the ordinary course of trade and, to the extent possible, at the same level of trade (LOT) as the CEP sales, as appropriate.

2. Arm's-Length Test

TKAST reported that during the POR, it made sales in the home market to affiliated and unaffiliated end users and distributors/retailers. If any sales to affiliated customers in the home market were not made at arm's-length prices, we excluded them from our analysis as we consider such sales to be outside the ordinary course of trade. *See* 19 CFR 351.102(b). To test whether sales to affiliates 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 discounts and rebates, movement expenses, direct selling expenses, and home market packing. In accordance with the Department's current practice, if the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise identical or most similar to that sold to the affiliated party, we consider the sales to be at arm's-length prices. *See* 19 CFR 351.403(c). Conversely, where the affiliated party did not pass the arm's-length test, all sales to that affiliated party have been excluded from the NV calculation. *See Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002) (*Modification to Affiliated Party Sales*).

While TKAST made sales to affiliated parties in the home market during the POR, the Department determined that TKAST only needed to report certain affiliated customers' downstream sales. *See* the ''Background'' section above. In its March 1, 2004 and June 7, 2004, supplemental questionnaire responses, TKAST explained that it was unable to compel certain affiliates to report their downstream sales to the Department. Pursuant to the Department's current practice, because we find that TKAST has cooperated to the best of its ability and was unable to obtain downstream sales from the affiliated parties as requested by the Department, we will not use adverse facts available for those sales. *See Modification to Affiliated Party Sales* at 69188. For downstream sales by affiliated parties reported by TKAST where the sale between TKAST and the affiliate failed the arm's-length test, we included the downstream sale in our calculation of NV. *See* TKAST's March 1, 2004, supplemental questionnaire response for its reporting of certain downstream sales.

3. Cost of Production

In the most recently completed segment, the Department determined that TKAST made sales in the home market at prices below its cost of production (COP) and, therefore, excluded such sales from its calculation of NV. *See Final Results of Antidumping Duty Administrative Review '01–'02: Stainless Steel Sheet and Strip in Coils from Italy*, 68 FR 69382 (December 12, 2003). Therefore, the Department has reasonable grounds to believe or suspect, pursuant to section 773(b)(2)(A)(ii) of the Act, that TKAST made sales in the home market at prices below the COP for this POR. As a result, in accordance with section 773(b)(1) of the Act, we examined whether TKAST's sales in the home market were made at prices below the COP.

A. Calculation of the COP

We compared sales of the foreign like product in the home market with model-specific COP figures for the POR. In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product, plus selling, general and administrative (SG&A) expenses and all costs and expenses incidental to placing the foreign like product in packed condition and ready for shipment. In our sales-below-cost analysis, we relied on home market sales and COP information provided by TKAST in its questionnaire responses and verification findings.

At verification, we discovered that TKAST had terminated its old accounting system (*i.e.*, BULL system) at the end of fiscal year 2003. TKAST explained that the information detailing how it derived the total standard costs reported for each phase of production for each grade of SSSS was only recorded in the BULL system. *See* Sales and Cost Verification Report at 27. Therefore, we were unable to substantiate how TKAST allocated its standard material and processing costs by grade produced and sold during the POR.[10] Because the Department was unable to verify this information, we cannot rely on TKAST's reported standard costs and, in effect, its reported total cost of manufacturing for each control number.

Because we were unable to fully verify the standard cost component used by TKAST to calculate total cost of manufacturing by grade, we find it necessary, under section 776(a)(2) of the Act, to use facts otherwise available as the basis for the preliminary results of review for TKAST. *See* Sales and Cost Verification Report at 27.

According to section 776(b) of the Act, if the Department finds that an interested party ''has failed to cooperate by not acting to the best of its ability to comply with a request for information,'' the Department may use information that is adverse to the interests of the party as facts otherwise available. Adverse inferences are appropriate ''to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.'' *See Statement of Administrative Action (SAA)* accompanying the URAA, H. Doc. No. 316, 103d Cong., 2d Session at 870 (1994). Furthermore, ''an affirmative finding of bad faith on the part of the respondent is not required before the Department may make an adverse inference.'' *See Nippon Steel Corporation* v. *United States*, 337 F. 3d 1373, 2003 Fed. Cir. (*Nippon Steel*) (''Compliance with the 'best of its ability' standard is determined by assessing whether respondent has put forth its maximum effort to provide Commerce with full and complete answers to all inquiries * * *'').

In addition, pursuant to section 776(b) of the Act, we find that TKAST failed to cooperate by not acting to the best of its ability to comply with a request for information. In particular, as one of the requesting parties, well-versed in the Department's antidumping duty procedures, TKAST has an obligation to maintain company records that contain the relevant information it relied upon when responding to our questionnaire responses, which is necessary for verification thereof and which may be used in our analysis. In *Nippon Steel,* the Federal Circuit stated that, ''{w}hile the standard does not require perfection and recognizes that mistakes sometimes occur, it does not condone inattentiveness, carelessness, or inadequate record keeping.'' *See Nippon Steel* at 1382.

As explained above, TKAST did not cooperate to the best of its ability when it failed to properly maintain records and provide the Department with standard cost records used during the POR, and therefore, we find it appropriate to use an inference that is adverse to the interests of TKAST in selecting from among the facts otherwise available. By doing so, we ensure that TKAST will not obtain a more favorable result by failing to cooperate than had it cooperated fully in this review.

An adverse inference may include reliance on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record. *See* section 776(b) of the Act. Accordingly, for purposes of these preliminary results, as facts otherwise available, we used TKAST's costs to calculate the average total cost of manufacturing (TCOMH) and variable cost of manufacturing (VCOMH), weighted by production quantity on a grade-specific basis. Where the reported total cost of manufacturing (TOTCOM) for the control number (CONNUM) was higher than the weighted-average TCOMH for that CONNUM's grade, we relied upon the CONNUM-specific data for TOTCOM and VCOMH. Otherwise, we used the weighted-average TCOMH by grade in our calculation of TOTCOM and VCOMH. *See* Prelim Analysis Memo for programming details.

B. Test of Home Market Prices

We compared TKAST's weighted-average COPs to its 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 such sales were made (1) in substantial quantities within an extended period of time, and (2) at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade, in accordance with sections 773(b)(1)(A) and (B) of the Act. On a product-specific basis, we compared the COP to home market prices, less any applicable discounts, movement charges, and direct and indirect selling expenses.

As stated in the ''Background'' section above, TKAST reported downstream sales data with respect to two affiliated resellers. *See* TKAST's March 1, 2004 and June 4, 2004, supplemental questionnaire responses. In reviewing TKAST's cost database, the Department discovered that TKAST did not provide the costs of manufacturing associated with the downstream sales of subject merchandise. Section 776(a)(1) of the Act provides that the Department may use facts otherwise available if necessary information is not available on the record. Because the cost information necessary to properly perform our cost test with respect to these sales is not on the record of this review, we must rely on facts otherwise available. Therefore, for the purposes of our cost test, we are preliminarily applying the weighted-average total cost of manufacturing, as neutral facts available, to downstream sales with no reported cost information in accordance with section 776(a)(1). *See* Prelim Analysis Memo for programming details.

C. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of the respondent's sales of a given product were at prices less than COP, we did not disregard any below-cost sales of that product because the below-cost sales were not made in substantial quantities within an extended period of time. Where 20 percent or more of the respondent's sales of a given product were at prices less than COP, we determined that the below-cost sales were made in substantial quantities

[10] We note that during verification TKAST was able to locate supporting records from the BULL system to substantiate its reported standard costs for one grade of merchandise produced and sold during the POR. *See* Sales and Cost Verification Report at 28.

within an extended period of time, in accordance with sections 773(b)(2)(A) and (C) of the Act. Because we compared prices to POR-average costs, we determined that the below-cost prices did not permit the recovery of costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act. Therefore, we disregarded the below-cost sales and used the remaining sales, if any, as the basis for NV, in accordance with section 773(b)(1) of the Act. *See* Prelim Analysis Memo for programming details.

Price-to-Price Comparisons

For those sales at prices above COP, we based NV on home market prices to affiliated (when made at prices determined to be arm's-length) or unaffiliated parties, in accordance with section 351.403 of the Department's regulations. Home market starting prices were based on packed prices to affiliated or unaffiliated purchasers in the home market net of discounts. We made adjustments, where applicable, for packing and movement expenses, in accordance with sections 773(a)(6)(A) and (B) of the Act. We also made adjustments for differences in costs attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act. For comparison to CEP, we deducted home market direct selling expenses pursuant to section 773(a)(6)(C)(iii) of the Act and section 351.410(c) of the Department's regulations.

Because we were unable to fully verify the packing expenses TKAST reported it incurred on subject merchandise sold in the United States and Italy, we find it necessary, under section 776(a)(2) of the Act, to use facts otherwise available as the basis for the preliminary results of review for TKAST. *See* Sales and Cost Verification Report at 34–35.

Moreover, pursuant to section 776(b) of the Act, we find that TKAST failed to cooperate by not acting to the best of its ability to comply with a request for information. Prior to verification, the Department requested to review how TKAST derived its reported packing expenses. *See* the Department's Letter to TKAST dated June 3, 2004 at 9. However, TKAST was unable to meet the Department's request at verification. In particular, as noted above, we were unable to fully verify the packing information presented to Department officials at verification and provided for the record of this review. Moreover, after the errors were pointed out to TKAST at verification, TKAST did not provide the Department with the necessary information to adjust the incorrectly reported packing expenses, and thereby did not put forth its maximum effort to our verification inquiries. Although TKAST is familiar with our antidumping duty procedures, TKAST did not take reasonable steps to clarify this error and offer any explanation for the discrepancies to Department officials at verification. Therefore, TKAST did not act to the best of its ability in providing the Department with accurate and verifiable packing expenses. Because we cannot rely on TKAST's reported packing expenses and do not have information necessary to correct for the discrepancies found at verification, we find it appropriate to use an inference that is adverse to the interests of TKAST in selecting from among the facts otherwise available. By doing so, we ensure that TKAST will not obtain a more favorable result by failing to cooperate than had it cooperated fully in this review.

As stated above, an adverse inference may include reliance on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record. *See* section 776(b) of the Act. For purposes of these preliminary results, as facts otherwise available, we applied the lowest reported packing expense in our calculation of NV and the highest reported packing expense in our calculation of CEP. *See* Prelim Analysis Memo for programming details.

Level of Trade

In accordance with section 773(a)(1)(B)(i) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or CEP transaction. *See also* 19 CFR 351.412. The NV LOT is the level of the starting-price sales in the comparison market or, when NV is based on CV, the level of the sales from which we derive SG&A expenses and profit. For EP sales, the U.S. LOT is also the level of the starting-price sale, which is usually from the exporter to the importer. For CEP sales, the U.S. LOT is the level of the constructed sale from the exporter to the affiliated importer. *See* 19 CFR 351.412(c)(1). As noted in the ''Constructed Export Price'' section above, we preliminarily find that all of TKAST's U.S. sales are appropriately classified as CEP sales.

To determine whether NV sales are at a different LOT than CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison market sales are at a different LOT than CEP sales, 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. 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 Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes from Canada*, 67 FR 8781 (February 26, 2002); *see also Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

For the CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and CEP profit under section 772(d) of the Act. *See Micron Technology Inc.* v. *United States*, 243 F.3d 1301, 1314–1315 (Fed. Cir. 2001). We expect that, if claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. *See Porcelain-on-Steel Cookware from Mexico: Final Results of Administrative Review*, 65 FR 30068 (May 10, 2000).

In the current review, TKAST requested a CEP offset. To determine whether a CEP offset was necessary, in accordance with the principles discussed above, we examined information regarding the distribution systems in both the Italian and U.S. markets, including the selling functions, classes of customer, and selling expenses.

TKAST reported one LOT in the home market, with two channels of distribution: (1) Direct factory sales to end-users, manufacturers, service centers and distributors; and (2) warehouse sales to end-users, service centers and distributors. TKAST performed the same selling functions for sales in both home market channels of distribution, including production guidance, price negotiations, sales calls and services, arranging for freight and delivery, technical assistance and general selling activities. *See* TKAST's October 3, 2003 Section A questionnaire response.

The only differences are that for warehouse sales, TKAST initiates the sale (whereas direct sales are initiated by either party), and conducts inventory maintenance, and the amount of warranty services on warehouse sales is usually low because these sales are not made to order. *See* Sales and Cost Verification Report at 12. Accordingly, because these selling functions are substantially similar for both channels of distribution, we preliminarily determine that there is one LOT in the home market.

TKAST reported two channels of distribution for the U.S. market: (1) Direct factory sales through TKAST USA to end-users and service centers; and (2) warehouse sales from the inventory of TKAST USA to end-users and service centers. We reviewed the selling functions and services performed by TKAST in the U.S. market, as described by TKAST in its October 3, 2004, section A questionnaire response. We have determined that the selling functions for the two U.S. channels of distribution are similar because TKAST provides almost no selling functions to either U.S. channel of distribution. TKAST reported that the only services it provided for the CEP sales were very limited freight and delivery arrangements and very limited warranty services. *See* TKAST's October 3, 2003 Section A questionnaire response at pages A–27 to A–29 and TKAST's March 1, 2004 first supplemental questionnaire response at Exhibit A–43. Accordingly, because these selling functions are substantially similar for the two channels of distribution, we preliminarily determine that there is one LOT in the U.S. market.

In order to determine whether NV was established at a different LOT than CEP sales, we examined stages in the marketing process and selling functions along the chains of distribution between TKAST and its home market customers. We compared the selling functions performed for home market sales with those performed with respect to the CEP transaction, after deductions for economic activities occurring in the United States, pursuant to section 772(d) of the Act, to determine if the home market levels of trade constituted more advanced stages of distribution than the CEP level of trade. *See* TKAST's October 3, 2003 Section A questionnaire response at pages A–27 to A–29 and TKAST's March 1, 2004 first supplemental questionnaire response at Exhibit A–43. TKAST reported that it provided virtually no selling functions for the CEP level of trade and that, therefore, the home market level of trade is more advanced than the CEP level of trade. To determine whether a CEP offset was necessary, in accordance with the principles discussed above, we examined information regarding the distribution systems in both the Italian and U.S. markets, including the selling functions, classes of customer, and selling expenses.

Based on our analysis of the channels of distribution and selling functions performed for sales in the home market and CEP sales in the U.S. market, we preliminarily find that the home market LOT is at a more advanced stage of distribution when compared to TKAST's CEP sales because TKAST provides many more selling functions in the home market (*i.e.*, production guidance, price negotiations, sales calls and services, arranging for freight and delivery, technical assistance and general selling activities) as compared to selling functions performed for its CEP sales (*i.e.*, very limited freight and delivery arrangements and very limited warranty services). We were unable to quantify the LOT adjustment in accordance with section 773(a)(7)(A) of the Act, as we found that the LOT in the home market did not match the LOT of the CEP transactions and there was only one LOT in the home market and no other basis on which to determine a LOT adjustment. Accordingly, we did not calculate a LOT adjustment. Instead, we applied a CEP offset to NV for CEP comparisons.

To calculate the CEP offset, we deducted the home market indirect selling expenses from NV for home market sales that were compared to U.S. CEP sales. As such, we limited the home market indirect selling expense deduction by the amount of the indirect selling expenses deducted in calculating the CEP as required under section 772(d)(1)(D) of the Act.

Currency Conversion

We made currency conversions pursuant to section 351.415 of the Department's regulations at the rates certified by the Federal Reserve Bank.

Preliminary Results of Review

As a result of our review, we preliminarily determine that the following weighted-average dumping margin exists for the POR:

Manufacturer/exporter	POR	Weighted-average margin (percent)
ThyssenKrupp Acciai Speciali Terni S.p.A.	07/01/02–06/30/03	3.99

In accordance with 19 CFR 351.224(b), the Department will disclose to the 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 and/or case briefs on these preliminary results. Comments and case briefs must be submitted no later than thirty days after the date of publication of this notice. Rebuttal comments and briefs must be limited to issues raised in the case briefs and comments, and must be submitted no later than five days after the time limit for filing case briefs and comments. 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 and comments must be served on interested parties in accordance with section 351.303(f) of the Department's regulations.

Also, pursuant to section 351.310(c) of the Department's regulations, within thirty days of the date of publication of this notice, an interested party may request a public hearing on the arguments to be raised in the case and rebuttal briefs and comments. Unless otherwise specified, 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 and rebuttal briefs and comments, within 120 days of publication of these preliminary results.

Assessment Rates

Upon completion of this administrative review, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we have calculated an importer-specific *ad valorem* rate for

merchandise subject to this review. The Department will issue appropriate assessment instructions directly to CBP within 15 days of publication of the final results of review. If these preliminary results are adopted in the final results of review, we will direct CBP to assess the resulting assessment rates (*ad valorem*) against the entered customs values for the subject merchandise on each of the importer's entries 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 this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the company listed above 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, a prior 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, a prior review, or the original LTFV investigation, the cash deposit rate will continue to be the ''all others'' rate of 11.23 percent, which is the rate established in the LTFV investigation. *See Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Italy*, 64 FR 40567 (July 27, 1999). 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 administrative 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.

These preliminary results are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 29, 2004.

Jeffrey A. May,

Acting Assistant Secretary for Import Administration.

[FR Doc. 04–18152 Filed 8–6–04; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–583–831]

Stainless Steel Sheet and Strip in Coils From Taiwan: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review

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

ACTION: Notice of preliminary results and partial rescission of antidumping duty administrative review of stainless steel sheet and strip in coils from Taiwan.

EFFECTIVE DATE: August 9, 2004.

SUMMARY: In response to a request from petitioners [1] and one Taiwanese manufacturer/exporter, Chia Far Industrial Factory Co., Ltd. (''Chia Far''), the Department of Commerce (''the Department'') is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (''SSSS'') from Taiwan. The period of review (''POR'') is July 1, 2002 through June 30, 2003.

This administrative review covers the following thirteen manufacturers/exporters of subject merchandise: Ta Chen Stainless Pipe Co., Ltd. (''Ta Chen''), Tung Mung Development Co. Ltd. (''Tung Mung''), China Steel Corporation (''China Steel''), Yieh Mau Corp. (''Yieh Mau''), Chain Chon Industrial Co., Ltd. (''Chain Chon''), Goang Jau Shing Enterprise Co., Ltd. (''Goang Jau Shing''), PFP Taiwan Co., Ltd. (''PFP Taiwan''), Yieh Loong Enterprise Company, Ltd. (''Yieh Loong''), Tang Eng Iron Works Company, Ltd. (''Tang Eng''), Yieh Trading Corporation (''Yieh Trading''), Chien Shing Stainless Steel Company Ltd. (''Chien Shing''), Chia Far, and Yieh United Steel Corporation (''YUSCO''). The Department is preliminarily rescinding this review with respect to Tung Mung, China Steel, Chain Chon and Ta Chen because information from U.S. Customs and Border Protection (''CBP'') supports their claims that they did not sell or ship subject merchandise to the United States during the POR. The Department is basing the preliminary results for the following six companies on total adverse facts available (''AFA'') because they failed to provide any response to the Department's requests for information: Tang Eng, PFP Taiwan, Yieh Loong, Yieh Trading, Goang Jau Shing, and Chien Shing. Additionally, the Department is basing the preliminary results for Yieh Mau on total AFA because CBP data call into question Yieh Mau's claim that it did not sell subject merchandise to the United States during the POR. The Department has preliminarily determined that Chia Far sold subject merchandise at less than normal value (''NV'') during the POR and that no dumping margin exists for YUSCO for this period. If these preliminary results are adopted in our final results of administrative review, we will instruct CBP to assess antidumping duties on all appropriate entries. Interested parties are invited to comment on these preliminary results of review. We will issue the final results of review no later than 120 days from the date of publication of this notice.

FOR FURTHER INFORMATION CONTACT: Melissa Blackledge or Karine Gziryan; Antidumping and Countervailing Duty Enforcement Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–3518 and (202) 482–4081, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 21, 1999, the Department issued an antidumping duty order on SSSS from Taiwan. *See Notice of Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From United Kingdom, Taiwan and South Korea,* 64 FR 40555 (July 27, 1999). On July 2, 2003, the Department published a notice of opportunity to request the fourth administrative review of this order. *See Antidumping or Countervailing Duty Order, Finding, or*

[1] The petitioners in this administrative review are Allegheny Ludlum, AK Steel Corporation, Butler Armco Independent Union, J&L Specialty Steel, Inc., United Steelworkers of America, AFL–CIO/CLC, and Zanesville Armco Independent Organization.