The petitions were submitted pursuant to Section 251 of the Trade Act of 1974 (19 U.S.C. 2341). Consequently, the United States Department of Commerce has initiated separate investigations to determine whether increased imports into the United states of articles like or directly competitive with those produced by each firm contributed importantly to total or partial separation of the firm's workers, or threat thereof, and to a decrease in sales or production of each petitioning firm.

Any party having a substantial interest in the proceedings may request a public hearing on the matter. A request for a hearing must be received by the Trade Adjustment Assistance Division, Room 7023, Economic Development Administration, U.S. Department of Commerce, Washington, D.C. 20230, no later than the close of business of the tenth calendar day following the publication of this notice.

The Catalog of Federal Domestic Assistance official program number and title of the program under which these petitions are submitted is 11.313, Trade Adjustment Assistance.

Dated: September 18, 1995.

Lewis R. Podolske,

Director, Trade Adjustment Assistance Division.

[FR Doc. 95–23523 Filed 9–21–95; 8:45 am]

BILLING CODE 3510–24–M

International Trade Administration

[A–570–803]

Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews

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

ACTION: Notice of final results of antidumping duty administrative reviews.

SUMMARY: On April 20, 1995, the Department of Commerce (the Department) published the preliminary results of the administrative reviews of the antidumping duty orders on heavy forged hand tools, finished or unfinished, with or without handles, (HFHTs) from the People's Republic of China (PRC). The reviews cover two exporters of the subject merchandise to the United States and the period February 1, 1992, through January 31, 1993. We gave interested parties an opportunity to comment on our preliminary results. Based on our analysis of the comments received, we have changed the results from those presented in the preliminary results of reviews.

EFFECTIVE DATE: September 22, 1995.

FOR FURTHER INFORMATION CONTACT: Karin Price or Maureen Flannery, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–4733.

SUPPLEMENTARY INFORMATION:

Background

On April 20, 1995, the Department published in the Federal Register (60 FR 19723) the preliminary results of the administrative reviews of the antidumping duty orders on HFHTs from the PRC (56 FR 6622, February 19, 1991). The Department has now completed these administrative reviews in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Applicable Statute and Regulations

Unless otherwise stated, all citations to the statute and to the Department's regulations are references to the provisions as they existed on December 31, 1994.

Scope of These Reviews

Imports covered by these reviews are shipments of HFHTs from the PRC comprising the following classes or kinds of merchandise: (1) hammers and sledges with heads over 1.5 kg. (3.33 pounds) (hammers/sledges); (2) bars over 18 inches in length, track tools and wedges (bars and wedges); (3) picks and mattocks (picks/mattocks); and (4) axes, adzes and similar hewing tools (axes/adzes).

HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel woodsplitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to required length, heated to forging temperature and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot blasting, grinding, polishing and painting, and the insertion of handles for handled products. HFHTs are currently provided for under the following Harmonized Tariff System (HTS) subheadings: 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kg. (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of these proceedings is dispositive.

These reviews cover two exporters of HFHTs from the PRC, Fujian Machinery & Equipment Import & Export Corporation (FMEC) and Shandong Machinery Import & Export Corporation (SMC). The review period is February 1, 1992, through January 31, 1993.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received joint comments from FMEC, SMC, and Olympia Industrial Inc., an importer of the subject merchandise, (together, respondents), and rebuttal comments from Woodings-Verona Tool Works, Inc., petitioner. At the request of FMEC, SMC, and petitioner, a hearing was held on June 7, 1995.

Comment 1: Respondents argue that the Indian import statistics for the period April-December 1992, which the Department used to value direct materials and packing materials for the preliminary results of these reviews, are aberrational and should largely be rejected. Respondents contend that the aberrations in the surrogate values result from the fact that basket categories were used to value the factor inputs, that the imports sometimes reflected small import quantities, and that the import statistics have deviant values. They argue that other sources for surrogate values should be considered.

According to respondents, although the Department's first choice for publicly available published information (PAPI) is import statistics, as import prices theoretically represent the price paid by producers in the surrogate country, the Department has in past cases abandoned its reliance on import statistics and PAPI from the primary surrogate country when they are aberrational and do not fairly represent the market value of the input. They cite to the Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China (60 FR 22544, May 8, 1995) (Furfuryl Alcohol), the Notice of Final Determination of Sales at Less Than Fair Value: Disposable Pocket Lighters from the People's Republic of China (60 FR

22359, May 5, 1995) (Lighters), the Final Determination of Sales at Less Than Fair Value: Coumarin from the People's Republic of China (59 FR 66895, December 28, 1994) (Coumarin), the Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China (59 FR 22585, May 2, 1994) (Silicon Carbide), the Notice of Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China (59 FR 58818, November 15, 1994) (Saccharin), and the Notice of Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the People's Republic of China (59 FR 55625, November 8, 1994) (Pencils). Respondents contend that, in each of these cases, the Department determined that the import values in the surrogate country for certain inputs could not be used because the import values were aberrational, *i.e.*, too high, when compared to other sources of market value, or because the quantity imported was small, and used another source of data to determine the surrogate value, such as export statistics or price quotations in the surrogate country.

Respondents argue that the Indian import statistics should not be used for several reasons. First, respondents argue that the use of import statistics from the period April-December 1992 is arbitrary and unfair because the statistics were published in September 1993 and therefore not available at the time the merchandise was sold or the reviews requested. As a result, respondents complain that the exporters and importers did not have any knowledge of or control over the values which would be used to determine the margins.

Second, respondents note that the Indian import statistics do not reflect data for the period January-March 1992 and that the Department did not make an adjustment to the data to cover that period. Respondents argue that, since a significant percentage of the production of HFHTs took place outside of the period covered by the Indian import statistics, and all production of picks sold by FMEC took place in 1991, the Department should use the 1991 Indian import statistics and carry the figures forward to reflect the appropriate period, if it decides the Indian import statistics should be used as the surrogate values. According to respondents, the 1991 statistics should be adjusted forward, rather than adjusting the 1992 data backwards, since it is impossible to relate future imports to past periods.

Third, respondents argue that including data from December 1992 does not reflect the production of HFHTs. They contend that, since production time is 30–45 days and purchases of raw materials are made before production, raw materials for shipments made at the end of December 1992 would need to be purchased no later than November 1992.

Next, respondents contend that the Department's assumption that imports occur at prices equal to or just below those in the domestic market does not apply to low-value factors. According to respondents, since India is a major producer of steel and other HFHT input factors, it is more reasonable to assume that India's imports represent those products which India does not make, such as specialty steels or expensive types of wood. As a result, respondents argue, the basket categories which were used to determine the surrogate values and which cover a broad range of products, rather than the basic input factors used to produce and pack HFHTs, are biased toward higher values.

Respondents also argue that Yugoslavia was erroneously excluded from several Indian import categories on the basis that it is a non-market-economy (NME) country. They cite to Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the Republic of Romania; Final Results of Antidumping Duty Administrative Review (56 FR 1169, January 11, 1991) as evidence that the Department considers Yugoslavia to be a market-economy country, and contend that, if Indian import prices are used for the final results, imports from Yugoslavia should be included in the calculation.

Last, respondents state that the 1992 Indian import statistics the Department used for the preliminary results do not show the month in which the imports were made (they note that the December import statistics are separately reported). Therefore, respondents contend, all of the imports could have taken place in November and December, and they argue that the potential that imports could be grouped in a few months should cause the Department to disregard those values particularly when the import quantities are small.

Respondents argue that the surrogate values for the following factor inputs are aberrational and should be disregarded, and that other surrogate values, particularly Indian export statistics, should be used: steel, steel pellets, wood for handles, detergent, resin glue, paint, varnish, dilution (paint thinner), anti-rust oil, wood for pallets, nails, cartons, iron straps, plastic straps, synthetic fiber, plastic bags, anti-rust paper, anti-damp paper, iron wire, iron buttons, and iron knots. They argue that these values are aberrational as a result of the change in the average import value between 1991 and 1992, the differences between the export and the import figures, and the range in quantities and values of imports from various countries.

Petitioner responds that use of Indian import statistics is reasonable and conforms to long-standing Department practice. It notes that FMEC and SMC suggested the use of Indian import statistics for a variety of factors of production, including steel, prior to the issuance of the preliminary results of reviews.

Petitioner contends that the Department should continue to exclude Yugoslavia from its calculation of the average Indian import price. It states that it is unclear whether the newly independent states of Croatia, Slovenia, and Bosnia-Herzegovina, which were recognized by the United States and the European Community in April 1992, were market oriented during the period of review.

Department's Position: As discussed in the Final Determination of Sales at less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from the People's Republic of China (57 FR 21058, May 18, 1992) (Pipe Fittings), the Department relies on PAPI for surrogate values. In determining the most appropriate PAPI to use, the Department prefers import data in the selected surrogate country over export data because import prices more closely reflect the market price of that factor in the surrogate country. See our response to comment 15 in the Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers from the People's Republic of China (58 FR 48833, September 20, 1993) (Lock Washers), in which we state that any system of priorities in the selection of surrogate values should result in the use of import statistics when they are available, and Pencils, in which the PAPI selected were average non-export values.

Prior to the issuance of the preliminary results of these reviews, FMEC and SMC suggested the use of Indian import statistics for a number of direct inputs and packing materials. They did not suggest any other sources of surrogate values for direct inputs or packing materials, with the exception of prices for specific imported material inputs. Petitioner submitted a price quotation in India as a surrogate value for steel, but did not provide any other surrogate values for direct inputs or packing materials. The Department selected, for the preliminary results, the HTS categories recommended by FMEC

and SMC for certain inputs, including steel, and used Indian import statistics to value all inputs used to produce the subject merchandise, as well as all packing materials. In its case brief, respondents submitted new PAPI, which we returned to the respondents as untimely filed.

We agree with respondents that prices which are aberrational should not be used to value the factors of production, and we have in past cases, such as Saccharin, turned to sources other than import statistics from the selected surrogate country when certain surrogate values have been found to be aberrational. Therefore, for these final results, where we have other sources of market value such as Indonesian import statistics or U.S. import statistics, we have compared the Indian import statistics to these sources of market value to determine whether the Indian import values are aberrational, *i.e.*, too high or too low. We have also compared the average import values to other sources of market values if the total quantity imported under a specific category was small, and, if the value was found to be aberrational, *i.e.*, too high or too low, we have chosen another surrogate value.

For these final results, we have continued to use Indian import statistics for all direct inputs and packing materials, except for the iron wire, and we have selected the basket categories which most closely correspond to the inputs being valued. For certain factors, we have chosen a different HTS category than was used for the preliminary results. For iron wire, we have found that the Indian import statistics are aberrational, and have used Indonesian import statistics for the surrogate values for this factor. Specific factor inputs are discussed in the following comments.

With respect to respondents' complaint that the ranges of quantities and values of imports into India result in aberrational values, we note that imports into any country will reflect imports from a variety of countries in varying quantities and with varying prices. This does not mean that the average value derived from those imports is aberrational. Moreover, there is no basis for rejecting import values simply because the values are too high or too low. See Lock Washers. Therefore, we have used the Indian import statistics unless we have found that the values are aberrational by comparison to other sources of market value. However, where the quantity imported from a specific country was insignificant, we have eliminated imports from that country from the calculation of the surrogate value.

We disagree with respondents' arguments that use of import statistics from the April-December 1992 period is unfair because they were not available when the merchandise was sold or the reviews requested. It is the Department's standard practice to use surrogate values from a time period which is contemporaneous to the period of investigation or the period of review. See, *e.g.*, Furfuryl Alcohol, in which the surrogate value for furfuryl was selected because it was more contemporaneous than other sources, and the Preliminary Determination of Sales at Less Than Fair Value: Manganese Metal from the People's Republic of China (60 FR 31282, June 14, 1995), in which surrogate values within the period of investigation, or most contemporaneous with the period of investigation, were selected.

With respect to respondents' arguments that the surrogate values do not reflect the period January–March 1992 and were not adjusted to reflect that period, and that production of the subject merchandise took place prior to the period covered by the import statistics, we have changed our calculations for the final results to use 1991 surrogate values for production which occurred in 1991, and 1992 surrogate values for production which occurred in 1992.

With regard to respondents' argument that data from December 1992 does not reflect the production of HFHTs, we note that the period of review covers the period through January 1993. Therefore, for shipments which occurred in the last month of the period, raw materials purchases could have taken place in December 1992, since the average production time is 30–45 days. It is thus appropriate to include imports in this month in the calculation of the surrogate values. In the event that there might not have been shipments during January 1993, it would still be appropriate to include statistics from December 1992 since that month is in the period of review.

The Department has consistently used basket categories under the HTS to value factor inputs. In Pipe Fittings, we state that basket import statistics that closely correspond to the factor input more accurately reflect the market price of that factor than other sources of surrogate data. In these reviews, there is no information on the record regarding more specific sources of surrogate values, with the exception of the prices of imported materials from market economy countries for specific factors. We have discussed the use of import prices in comments 2 and 8 below. Further, there is no evidence on the record to indicate that any of the factors being valued are of low value compared to other items in the basket categories, thus biasing the statistics toward higher values. The Department has selected the HTS categories which most closely represent the factors being valued, and, for certain factors, has selected HTS categories other than those selected in the preliminary results, as discussed in the following comments.

We agree with respondents that imports from Yugoslavia should not have been excluded from the calculation of the surrogate values since Yugoslavia has been treated as a market economy country in past investigations and reviews. Therefore, for these final results, we have included imports from Yugoslavia in our calculations of the surrogate values.

We disagree with respondents that the potential that imports could be grouped in a few months should cause the Department to disregard certain import statistics. When it uses import statistics, the Department bases the surrogate values on imports over a certain period, and does not perform an analysis of when those imports occurred. However, we agree with respondents' concern about small import quantities, and have, when the import volume is small, compared the import value to other sources of surrogate values to determine whether the value is aberrational.

Comment 2: Respondents argue that the import statistics used to determine the surrogate value for steel do not provide a statistically valid basis on which to calculate an average value because of the small quantity of imports during the time period. According to respondents, the small quantity of steel imported for that HTS category, 7213.49.09, makes the statistics vulnerable to distortion because a shift of the product mix within the HTS category could have a dramatic effect on the per-unit calculations. Moreover, respondents contend that the Indian import statistics for this category have experienced tremendous shifts over different periods, resulting in significant changes in the average value between 1991 and 1992 and demonstrating that the average values are unreliable and aberrational. They note that the average import value in 1991 was less than half the average import value in 1992.

Furthermore, respondents contend that there is a huge disparity between the Indian import and export statistics for steel, stating that a comparison between the import and export prices shows that the import statistics are aberrational.

Instead of the Indian import statistics, respondents have suggested the following alternative surrogate values which they claim fall within a range of prices which are reasonably comparable with each other: the prices of imported steel used by the HFHT factories, Indian export values, Indonesian export values, world steel prices (such as Japanese export prices to the PRC), and lastly, if the Department continues to use Indian import statistics to value steel, Indian imports of HTS category 7214.50, which respondents claim is the HTS category best covering the steel used to produce HFHTs.

Petitioner notes that, in their supplemental questionnaire responses, FMEC and SMC urged the use of steel import values, and contends that they are now attempting to pick the best surrogate values from around the world. Petitioner argues that the official Indian import statistics for steel are reasonable, and that the data submitted by petitioner on actual steel prices for the specific type and grade of steel used for manufacturing HFHTs closely correspond to the import values. Petitioner cites to Coumarin, where the Department noted its strong preference for using surrogate country import statistics as the best PAPI, despite the fact that, in that case, the Department rejected import statistics in favor of more specific and reliable price quotations. Petitioner notes that, in this case, the Indian import prices used by the Department in the preliminary results are consistent with the price quotations submitted by petitioner to the record of these reviews, covering the specific categories of steel used to produce HFHTs. According to petitioner, these price quotations are the next best surrogate data after the Indian import statistics.

Petitioner contends that all other possible surrogate values offered by respondents should be rejected. Petitioner argues that the import prices should not be used because there was no evidence on the record regarding which products were produced from imported steel and which were produced from domestically-produced steel. Moreover, it notes that only one factory used imported steel in its production. Also, according to petitioner, Indian export values are unreliable because they do not represent home market consumption in India and the vast majority of these exports are to countries not at a level of economic development comparable to the PRC. Petitioner also argues that Indonesian export prices should be rejected as Indonesia is the last of the five countries selected by the Department as possible surrogate countries. Petitioner rejects the use of world market prices as reported in the American Metal Market, arguing that the prices contained therein vary significantly by grade and type and, therefore, have no relation to the type of steel used to produce HFHTs. Petitioner also rejects the use of Japanese prices. Finally, petitioner argues that the Department used the proper tariff heading, HTS category 7213.49.09, in valuing steel, and that the HTS category suggested by respondents, 7214.50, is incorrect because it includes bars already forged, noting that respondents perform the forging in the production of HFHTs. Petitioner states that there is no evidence to show that HTS category 7213.49.09 covers steel in wound coil form which is more expensive than the bar steel used to produce HFHTs.

Department's Position: For the preliminary results of reviews, we used HTS category 7213.49.09, bars and rods containing more than 0.25 percent but less than 0.60 percent carbon in wound coils, to value the steel bars used to produce HFHTs, as suggested by FMEC, SMC, and petitioner. However, we have determined that, since this category covers steel in wound coils, it does not cover the cut-to-length steel bars used to produce HFHTs. Instead, for the final results, we have used Indian import statistics and HTS category 7214.50, forged bars and rods containing more than 0.25 percent carbon but less than 0.60 percent carbon, to determine the surrogate value for steel. We have determined that this HTS category is more specific to the cut-to-length steel bars used to produce the subject merchandise.

Because the quantities imported into India under HTS category 7214.50 were not large in 1991 and 1992, we compared the steel values against other sources of market value, i.e., Indonesian import values and U.S. import values, to determine whether they were aberrational. We found that the 1992 Indian import value is not aberrational, and have used this value in our final results. We found that the 1991 value is aberrational by comparison to Indonesian and U.S. import statistics. Therefore, for the final results, for the 1991 surrogate value for steel, we have deflated the 1992 value to 1991 using wholesale price indices published by the International Monetary Fund. Because we have been able to use Indian import values in our analysis, we have not considered the other sources of surrogate values suggested by respondents.

We did not use the prices of steel imported by the factories because we do not know what models were produced using the imported steel or the portion of steel used by the factories which was imported.

Comment 3: Respondents argue that detergent used for cleaning and pellets used to remove the oxidation from the surface of the tool heads are considered by the factories, and should be considered by the Department, to be part of factory overhead, as these items are not physically incorporated into the finished product. They also note that the pellets are recycled until they are pulverized. Respondents cite to the Notice of Final Determination of Sales at Less Than Fair Value: Certain Paper Clips From the People's Republic of China (59 FR 51168, October 7, 1994) (Paper Clips) as evidence for their position. Respondents contend that, if the Department determines that the steel pellets are a direct factor input, the steel pellets should be valued as scrap, as the pellets are made from scrap steel bought locally.

Department's Position: We agree with respondents that pellets and detergent should be considered as factory overhead, and have changed our analysis accordingly. These items are used for the purposes of removing oxidation from the tool heads and for cleaning the tool heads, and are not physically incorporated into the subject merchandise. As such, they should not be valued as direct material inputs in the production of the subject merchandise. This is consistent with the Department's position in Paper Clips, in which the Department valued certain inputs as direct materials because they were physically incorporated into, and became part of, the subject merchandise.

Comment 4: Respondents contend that HTS category 3814, selected for dilution (paint thinner) for the preliminary results, is too broad, and argue that the narrower HTS category 3814.00.09 should be selected for this input.

Department's Position: We agree with respondents. The HTS category selected for dilution (paint thinner) for the preliminary results, HTS 3814, includes both ''composite solvents and thinners for varnishes and similar products'' and ''solvents for printing.'' The HTS category 3814.00.09 is specific to solvents and thinners and has been used for the final results.

Comment 5: Respondents state that the wedges are made by the HFHT factories from scrap steel generated from the production of the tool heads, rather than from steel bars. Therefore, respondents argue that the Department should value the wedges using the HTS category selected for scrap, rather than

the HTS category selected for steel. Further, respondents contend that, since the wedges are produced at the factories, there should be no adjustment for transportation for this input.

Department's Position: We agree with respondents. The record indicates that scrap steel resulting from the production process is used to produce other products which require small pieces. Therefore, we have adjusted the calculations so that wedges are valued with the value for scrap. Since these items are made at the factory, we have not made an adjustment for freight costs for this input.

Comment 6: Respondents argue that the packing costs determined by the Department are too high and clearly do not represent reasonable packing costs. According to respondents, the materials used to pack HFHTs are generally low-value items which are discarded once the shipments reach the importer's site. Respondents contend that deriving the cost of packing from surrogate values leads to erroneous results and that the use of basket categories biases the values toward high average values.

Respondents note that, in comparable cases, packing rates were 1–2 percent of production costs. Respondents cite as evidence Chrome-Plated Lug Nuts from the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review (60 FR 19719, April 20, 1995) (Lug Nuts I), where a rate of 1 percent of production costs was used as the best information available (BIA), and Lock Washers, in which the petitioner stated that its packing costs were 2 percent of its production costs.

Petitioner responds that there is no support on the record to show that the purportedly high packing costs result from surrogate country data which are unreliable because the packing materials are low-value inputs. Petitioner also states that it is irrelevant that packing costs are lower in the two cases cited by respondents because each case is fact specific. Moreover, petitioner argues that the supposed aberrations in the Indian import data do not justify rejecting valid data published by the Indian government.

Department's Position: We disagree with respondents that we should not use surrogate values to calculate packing costs. It is the Department's standard practice to use surrogate values to value packing costs. See, e.g., the Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Partial-Extension Steel Drawer Slides With Rollers from the People's Republic of China (60 FR 29571, June 5, 1995) and Pencils, for which Indian import statistics were used to value packing materials. Moreover, in *Lock Washers,* the Department valued packing materials using Indian import statistics. We further note that, in the administrative review of lug nuts from the PRC subsequent to that cited by respondents, factors data for packing were on the record of the review and were used to determine packing costs (Chrome-Plated Lug Nuts from the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review (60 FR 42504, August 16, 1995) (Lug Nuts II).

For these reviews, unlike Lug Nuts I, the information needed to calculate packing costs using surrogate values is on the record. Therefore, for the final results, we have continued to value these packing inputs using surrogate values. However, as discussed in our response to comment 1 above, and in our responses to comments 7–11 below, we have made adjustments in the valuation of packing materials for the final results.

See our response to comment 1 regarding respondents' complaint about the use of basket categories.

Comment 7: Respondents argue that the Department should abandon its factor methodology for valuing the pallets based on the costs of the wood and the nails used to construct the pallets, and, instead, should determine a separate price for pallets. Respondents argue that the cost of a pallet as calculated by the Department is much higher than the cost to purchase a pallet in the United States.

Petitioner responds that the fact that the Department calculated a pallet cost which is substantially more than the cost of a wood pallet in the United States is irrelevant to the price of pallets in India or the PRC.

Department's Position: We agree with respondents that we should value the pallets separately, rather than valuing both the wood and the nails used to make the pallets. To value the pallets, we have used Indian import statistics and HTS category 4415.10, packing cases, boxes, crates, drums, and similar packings of wood, which was suggested by FMEC and SMC in their supplemental questionnaire responses prior to the preliminary results.

Comment 8: Respondents argue that the HTS category selected to value the cartons is too broad a category to determine a specific value for the cartons, and that a more specific price should be used. They note that two of the HFHT factories used imported cartons, and that the Department used the price of the imported cartons to value cartons for only one of those factories. They further state that the surrogate value is roughly three times higher than the value of the imported cartons, and argue that the price of the imported cartons should be used as a benchmark.

Department's Position: We disagree with respondents. We have continued to use for the final results the HTS category selected for the preliminary results of these reviews, HTS category 4819.10. There is no information on the record to indicate that either of the two narrower HTS categories, 4819.10.01, boxes of corrugated paper and paperboard, or 4819.10.09, cartons and cases of corrugated paper and paperboard, are more specific to this input. Therefore, we have valued the cartons using the broader HTS category 4819.10.

As discussed above in our response to comment 2, we have used import prices where we knew the percentage of the imported material to the total material purchased. Therefore, for one factory, we were able to use the price of the imported cartons to value the cartons. As mentioned by respondents, another factory also used imported cartons. Since the price paid by this factory for the imported cartons was in Chinese currency, we were unable to use this price.

Comment 9: Respondents argue that the categories selected to value the iron straps and the plastic straps are too broad and the variations in the Indian import statistics for these categories too great to reflect reasonable values for these factor inputs, and contend that an alternative source of valuation must be found. Further, according to respondents, imports from Yugoslavia were incorrectly excluded from the calculation of the average import value.

Department's Position: We agree with respondents that imports from Yugoslavia were incorrectly excluded from the calculation of the plastic strap, and have included such imports in our calculation of the surrogate value for the final results. We note, however, that respondents have not suggested an alternative HTS category or source for valuing the plastic strap, and, for the final results, we have continued to use the value selected for the plastic strap for the preliminary results.

Prior to the preliminary results, FMEC and SMC suggested HTS categories 7216.21.00 and 7216.60.01, angles, shapes and sections of hot-rolled steel and of cold-rolled steel to value the iron straps; the Department selected HTS category 7216.90.01, other angles, shapes and sections, as the appropriate category for iron straps for the

preliminary results. There is no information on the record to indicate which of these categories better covers the iron straps. Since respondents have not provided evidence to indicate that the HTS categories FMEC and SMC suggested are more appropriate, and since their brief simply indicates that an alternative source of valuation must be found since the category selected is too broad, without identifying an alternative source, we have continued to use the same category we selected for the preliminary results for the iron strap. Moreover, there is no indication that the HTS categories suggested by FMEC and SMC would be any less broad than that selected by the Department.

Comment 10: Respondents argue that the Department made significant errors in valuing the synthetic fiber (PVC bags) by inaccurately determining the weight of the bags, and contend that the calculation should be corrected.

Petitioner asserts that the respondents have not alleged that the information on which the Department based its calculation was wrong, but merely that the Department reached a different conclusion from respondents.

Department's Position: We agree with respondents, and have reweighed the synthetic fiber and adjusted the calculations accordingly.

Comment 11: Respondents argue that six materials used to pack HFHTs are incidental items and that their collective values are extremely small or *de minimis.* These materials are plastic bags, anti-rust paper, anti-damp paper, iron wire, iron buttons, and iron knots. Respondents argue that the use of basket categories to value these items makes their individual and collective values significant.

Respondents further argue that the anti-damp paper and the anti-rust paper are *de minimis* items which should be eliminated from the Department's calculations. Although they do not disagree with the HTS categories selected, they note that the aberrational values for these HTS categories indicate that the HTS categories include many items other than those being valued.

Respondents contend that the Department selected too broad a category for the plastic bags, inaccurately determined the weight of the plastic bags, and incorrectly excluded imports from Yugoslavia from the calculation.

Furthermore, according to respondents, the HTS category selected for the iron wire is too broad, and the iron wire was inaccurately weighed for the preliminary results. They also argue that the HTS categories selected for the iron knots and the iron buttons are too broad.

Petitioner responds that the record shows that anti-damp paper and anti-rust paper are not *de minimis* factors in India. Petitioner also states that it is impossible to reweigh the plastic bags at this point in the process, and that FMEC and SMC should have provided additional information regarding the weights of these items with their questionnaire responses or at verification.

Department's Position: We disagree with respondents that certain factor inputs should be eliminated from the analysis because of their small value. The items identified by respondents as being incidental items are all materials used to pack the subject merchandise, and, as such, they should be valued.

We agree with respondents that the HTS categories selected for the plastics bags and the iron wire were incorrect. We have used, for the final results, the categories suggested by the respondents, HTS category 3923.21 for the plastic bags and HTS category 7217.90 for the iron wire. However, we have found that the Indian import statistics for the iron wire are aberrational, and have used Indonesian import statistics to determine the surrogate values for the iron wire for these final results. Moreover, as samples of these items were provided to the Department prior to the issuance of the preliminary results of reviews, we have reweighed these items and have adjusted our calculations accordingly. We also agree that imports from Yugoslavia should be included in the calculation of the average import values; however, we note that there were no imports into India from Yugoslavia in 1991 or 1992 under the HTS category for plastic bags selected for the final results.

We have continued to use the same HTS categories selected for the preliminary results for the anti-damp paper, the anti-rust paper, the iron buttons and the iron knots. We note that we used the categories suggested by the respondents prior to the preliminary results for the anti-damp paper and the anti-rust paper, and that respondents did not suggest a category for the iron buttons. For the iron knots, we have selected HTS category 8309.90.09, other packing accessories of base metal, rather than the HTS category suggested by respondents, 7326.90.09, other articles of iron or steel, because it is more specific to the packing input being valued.

Comment 12: Respondents contend that the labor rates and the fringe benefit and bonus rates used by the Department in its preliminary results, collected from the Business International Corporation (BIC) report IL&T India, released November 1992, appear to reflect wage rates in urban areas, while the Chinese HFHT factories are located in rural areas. They note that the BIC is a non-government organization which provides estimates of Indian labor rates based on available data. The respondents state that they do not contest the estimated wage rates used by the Department in its preliminary results, as they believe that they are comparable to those used by the Department in other cases, such as Lighters and Furfuryl Alcohol, but argue that the adjustment for fringe benefits and bonuses should be reduced to those required by Indian law.

Petitioner responds that the respondents' assertion that the labor rates reported in IL&T India appear to reflect wages in urban areas is without citation or support, and that there is no evidence on the record to suggest that these data are inappropriate for valuing labor. It contends that the respondents' suggested bonus rates are based solely on the mandatory statutory bonus rates and do not reflect any amounts for fringe benefits paid in India or any benefits privately negotiated between employers and employees. It notes that there could easily be benefit levels beyond the statutory minimum requirements. Petitioner further notes that respondents do not contest the use of wage rates from the same publication from which these fringe benefit and bonus rates were obtained. Petitioner further contends that the wage rates used in Lighters and Furfuryl Alcohol are irrelevant to this case because these industries are not comparable to the HFHT industry and because the surrogate country used in those cases was Indonesia.

Department's Position: We disagree with respondents. Respondents have not placed any information on the record to demonstrate that the labor rates used in our preliminary results reflect wage rates in urban, rather than rural, areas. Moreover, we agree with petitioner that there could be benefit levels beyond what is statutorily required. The data provided by the BIC with respect to fringe benefits and bonuses provide an estimate of what is actually paid, and is therefore more indicative of actual fringe benefits and bonuses paid to workers in India than the minimum requirements of Indian law. Since the surrogate values should reflect actual costs in the surrogate country, we have continued to use the wage rates and the fringe benefit and bonus rates used in the preliminary results, rather than the

minimum requirements of Indian law, as suggested by respondents.

Comment 13: Respondents argue that the surrogate values for electricity and coal should be adjusted to account for the period during which picks sold by FMEC were produced.

Department's Position: We agree with respondents. As discussed above in our response to comment 1, we have valued production occurring in 1991 using 1991 values, and production occurring in 1992 using 1992 values. Accordingly, all inputs for merchandise produced in 1991 have been valued using 1991 values, not just coal and electricity.

Comment 14: Respondents argue that the Department erred in determining the amounts of scrap and waste which were sold, and should recalculate these amounts. According to respondents, the amounts reported in the questionnaire responses as total scrap and waste collected were verified and represent scrap sold.

Department's Position: We agree with respondents. As discussed in FMEC's and SMC's questionnaire responses, the amounts reported as scrap and waste collected are the amounts of salable scrap. We have adjusted our calculations to reflect these reported amounts of salable scrap.

Comment 15: According to respondents, the Department should determine the steel input factor according to the methodology applied in Lock Washers. Respondents contend that, in that case, the Department determined the steel input factor by disregarding the scrap and valuing the steel factor based on the net weight of the finished product plus the waste. According to respondents, the Department would not have to determine scrap values with this methodology.

Department's Position: We disagree with respondents. In order to determine the costs of materials to a producer, we multiply the gross amounts of the materials used in the production process by the surrogate values. If the producer sells scrap resulting from the production process, we allow revenue resulting from that sale as an offset to the materials costs. Since the value of the scrap which is sold is less than the value of the material input purchased by the manufacturer, we calculate the revenue from the sale of scrap by multiplying the amount of scrap sold by the value of the scrap, and subtracting that result from the materials costs. Using respondents' methodology would mean that the scrap is valued at the original input cost, which would overstate the scrap value.

Comment 16: Respondents recommend that the Department use the rail rate reported in Doing Business in India—An Economic Profile, published by the Director, Economic Coordination Unit, Ministry of External Affairs. According to respondents, this information should be used because it is official Indian government data, is more current than the data used for the preliminary results of reviews, and provides a specific rate on a per-kilometer basis, rather than for a range of kilometers.

Petitioner responds that the Department should reject the freight rate suggested by the respondents as it is less detailed than the cable data used in the preliminary results of these reviews, as well as other investigations and reviews.

Department's Position: We disagree with respondents. The rail freight rate suggested by the respondents was submitted to the record of these reviews after the preliminary results were issued, and therefore was returned as untimely filed pursuant to section 353.31(a)(3) of the Department's regulations.

Comment 17: Respondents argue that, in those instances where the distance between a factory and one of its suppliers is not supplied, the Department should use a simple average of the distances which were provided, rather than applying the longest distance as BIA. Respondents contend using the longest distance imposes a burden on small, rural factories to keep records beyond their abilities and unfairly adds to the input costs.

Moreover, as mentioned in Comment 5, respondents contend that the Department should not adjust the factor input for wedges for transportation as the wedges were made at the factory site from scrap. In the case of pellets, respondents argue that the Department should recognize that the pellets were sourced locally and make the adjustment for transportation accordingly, if the Department does not include pellets in factory overhead.

Lastly, respondents contend that the factories used their own trucks to pick up materials from the rail yards, and that expenses associated with these trucks are considered as overhead by the factories. Accordingly, they contend that where factory trucks are used, no adjustment for transportation costs should be made. Respondents cite to Lock Washers as evidence for their position.

Petitioner responds that use of the longest reported distance between a factory and one of its suppliers in those instances where no distances have been reported is reasonable and consistent with past Department practice.

Department's Position: We disagree with respondents. We have applied as BIA the longest distance in two situations: first, when the distance between a factory and its supplier was not reported; and second, when several suppliers supplied a factory with the input and the percentage of material purchased from each supplier was not reported. In their questionnaire responses, FMEC and SMC did not indicate that they could not provide such information for all factors. As petitioner states, it is the Department's practice to use the longest distance in such instances. *See, e.g.,* Pencils and Saccharin, where the most expensive distance/mode of transportation was used when a respondent had failed to provide information regarding transportation between factories and suppliers.

As discussed in our response to comment 12, we agree with respondents that wedges were made at the factory and have not made an adjustment for transportation for this input.

We disagree with respondents that certain truck costs should be considered as factory overhead. There is nothing on the record to indicate that factory trucks are used to pick up merchandise from the rail yards.

Comment 18: Respondents argue that, in calculating the average ocean freight rates for FMEC and SMC for shipments made by non-PRC-owned ocean freight companies, which have been applied to those sales for which ocean freight services were provided by PRC-owned companies, the Department omitted several non-PRC-owned company shipments. According to respondents, the calculation of the average ocean freight rates should be revised to include these shipments.

Department's Position: We agree with respondents that there is additional information on the record regarding ocean freight shipments provided by non-PRC-owned carriers which was not included in our preliminary calculation of the average ocean freight rates. Therefore, for these final results, we have recalculated the average ocean freight rates using the additional shipments.

Comment 19: According to respondents, the Department should have calculated the average ocean freight rates for shipments supplied by non-PRC-owned companies on a weight basis, by dividing the reported per-piece ocean freight charge by the weight per piece.

Department's Position: We disagree with respondents. We calculated the

average ocean freight rate by dividing the ocean freight charge for each shipment by non-PRC-owned companies by the weight of the finished product; then, the results were summed for those shipments, and the total divided by the total number of pieces shipped by non-PRC-owned companies. This methodology is more accurate than respondents' methodology because it allocates the weight of each shipment to the charge for that shipment. Conversely, respondents' methodology, by which the total of the ocean freight charges for shipments by non-PRC-owned companies would be divided by the total weight of those shipments, allocates the weight of each shipment over all ocean freight charges. Therefore, we have not changed our calculation of the average ocean freight rates, except to include the additional shipments, as discussed in our response to comment 18.

Final Results of Reviews

As a result of our reviews, we have determined that the following margins exist:

Manufacturer/exporter	Time period	Margin (percent)
Fujian Machinery & Equipment Import & Export Corporation		
Axes/Adzes	2/1/92–1/31/93	21.92
Bars/Wedges	2/1/92–1/31/93	66.32
Hammers/Sledges	2/1/92–1/31/93	44.41
Picks/Mattocks	2/1/92–1/31/93	108.20
Shandong Machinery Import & Export Corporation		
Axes/Adzes	2/1/92–1/31/93	21.92
Bars/Wedges	2/1/92–1/31/93	49.69
Hammers/Sledges	2/1/92–1/31/93	35.57
Picks/Mattocks	2/1/92–1/31/93	49.64

The Department shall determine, and the Customs service shall assess, antidumping duties on all appropriate entries. Individual differences between United States price and foreign market value may vary from the percentages stated above. The Department will issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements will be effective upon publication of this notice of final results of reviews for all shipments of HFHTs from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Act: (1) the cash deposit rates for the reviewed companies named above which have separate rates will be the rates for those firms as stated above; (2) for all other PRC exporters, the cash deposit rates will be the rates established in the less-than-fair-value (LTFV) investigations; and (3) the cash deposit rates for non-PRC exporters of the subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. The rates established in the LTFV investigations are 45.42 percent for hammers/sledges, 31.76 percent for bars/wedges, 50.81 percent for picks/mattocks, and 15.02 percent for axes/adzes. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative reviews.

This notice serves as a final reminder to importers of their responsibility under section 353.26 of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with section 353.34(d) of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These administrative reviews and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and section 353.22 of the Department's regulations.

Dated: September 13, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 95–23580 Filed 9–21–95; 8:45 am]

BILLING CODE 3510–DS–P

[A–122–814]

Pure Magnesium From Canada, Final Results of Antidumping Duty Administrative Review

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

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

SUMMARY: On July 5, 1995, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on pure magnesium from Canada. The review covers one company, Norsk Hydro Canada, Inc. (NHCI), for the period August 1, 1993, through July 31, 1994. Since there were no shipments of the subject merchandise during the period of review, we have assigned NHCI the 21 percent cash deposit rate established for all entries of pure magnesium in *Pure Magnesium From Canada: Amendment of Final Determination of Sales at Less than Fair Value and Order in Accordance with Decision on Remand* (58 FR 62643), November 29, 1993.

EFFECTIVE DATE: September 22, 1995.

FOR FURTHER INFORMATION CONTACT: Ron Trentham or Zev Primor, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution