

with the Department's notice of opportunity to request administrative review, and no domestic interested party objects to the Department's intent to revoke or terminate pursuant to this notice, we shall conclude that the antidumping duty orders, findings, and suspended investigations are no longer of interest to interested parties and shall proceed with the revocation or termination.

Opportunity To Object

Domestic interested parties, as defined in § 353.2(k) (3), (4), (5), and (6) of the Department's regulations, may object to the Department's intent to revoke these antidumping duty orders and findings or to terminate the suspended investigations by the last day of March 1996. Any submission to the Department must contain the name and case number of the proceeding and a statement that explains how the objecting party qualifies as a domestic interested party under § 353.2(k) (3), (4), (5), and (6) of the Department's regulations.

Seven copies of such objections should be submitted to the Assistant Secretary for Import Administration, International Trade Administration, Room B-099, U.S. Department of Commerce, Washington, D.C. 20230. You must also include the pertinent certification(s) in accordance with § 353.31(g) and § 353.31(i) of the Department's regulations. In addition, the Department requests that a copy of the objection be sent to Michael F. Panfeld in Room 4203. This notice is in accordance with 19 CFR 353.25(d)(4)(i).

Dated: February 26, 1996.

Joseph A. Spetrini,

Deputy Assistant Secretary for Compliance.

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[A-588-837]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, From Japan

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

EFFECTIVE DATE: March 1, 1996.

FOR FURTHER INFORMATION CONTACT: William Crow or Irene Darzenta, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution

Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-0116 or (202) 482-6320.

THE APPLICABLE STATUTE: Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act) are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Rounds Agreements Act.

PRELIMINARY DETERMINATION: As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, all deadlines in this investigation have been extended by 28 days, *i.e.*, one day for each day (or partial day) the Department was closed. The revised deadline for this preliminary determination is February 23, 1996.

We preliminarily determine that large newspaper printing presses and components thereof (LNPPs) from Japan are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the initiation of this investigation on July 20, 1995 (60 FR 38546 (July 27, 1995)), the following events have occurred:

On August 14, 1995, the United States International Trade Commission (ITC) notified the Department of Commerce (the Department) of its affirmative preliminary determination. (See ITC Investigation No. 731-TA-736 and 737.)

On August 28, 1995, we presented Section A¹ of the questionnaires to the Japanese embassy, counsel for Mitsubishi Heavy Industries, Ltd., (MHI) and Tokyo Kikai Seisakusho, Ltd. (TKS). MHI submitted responses to Section A on September 27, 1995, and October 10, 1995, as revised on December 13, 1995. TKS submitted responses to Section A on September 27, 1995, and October 2, 5, and 10, 1995, as revised on October 17, 1995.

On October 20, 1995, at the request of Rockwell Graphics Systems, Inc. and its parent company, Rockwell International Corporation (the petitioner), we

postponed the preliminary determination to January 26, 1996. See Notice of Postponement of Preliminary Determinations: Antidumping Investigation of Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled from Japan (60 FR 54841, October 26, 1995).

On October 19, 1995, the petitioner alleged that there are reasonable grounds to believe or suspect that MHI and TKS made below-cost sales of the subject merchandise in Japan, and that these below-cost sales must be excluded from the Department's calculation of profit for constructed value (CV). Because we determined the appropriate basis for normal value (NV) to be CV, we did not address petitioner's below-cost allegation. We did, however, solicit contract price and production costs data for MHI's and TKS's home market sales of subject merchandise in order to compute selling, general and administrative expenses (SG&A) and profit for CV in accordance with section 773(e)(2)(A) of the Act. (See "Product Comparisons" section of this notice.)

The Department issued Sections C and D of its questionnaire to MHI on October 27, 1995.² The Department issued Section C, D, and E³ to TKS on October 27, 1995. MHI submitted its response to Section C and D on December 1, 1995, as revised December 13, 1995. TKS submitted its response to Section C, D, and E on December 1, 1995. Because of the first partial federal government shutdown mentioned previously, a supplemental questionnaire was not issued until December 8, 1995. Because of the second partial government shutdown, MHI and TKS responded to the supplemental questionnaires on January 18, 1996.

On October 26 and 31, 1995, TKS requested that the Department exclude a certain sale to the Dallas Morning News and a sale to the Spokane Spokesman Review from our antidumping analysis. During the period preceding this preliminary determination, the petitioner objected on several occasions to TKS's proposal. We determined to include these two sales in our preliminary antidumping analysis, contrary to TKS's arguments, since U.S. sales cannot be classified as outside the ordinary course of trade, and because there are no administrative barriers to conducting an analysis of these sales.

² Section C requests data on sales to the United States. Section D requests data on the cost of production and constructed value.

³ Section E requests data on the cost of further manufacturing or assembly performed in the United States.

¹ Section A requests data concerning corporate organization, accounting practices, markets and merchandise.

See February 23, 1996, Memorandum to Richard W. Moreland, from The Team, Re: Request for Exclusion of TKS Sales.

During the period July 28, 1995 through January 23, 1996, the petitioner, MHI and TKS filed comments requesting clarification of the scope of this investigation with respect to elements (*i.e.*, parts or subcomponents) of covered components, and spare and replacement parts. Respondents in the companion investigation of LNPPs from Germany, König Bauer Albert and MAN Roland Druckmaschinen, also submitted comments concerning scope on the record of this proceeding. On January 23, 1996, petitioner clarified the scope to exclude used presses. See Scope of Investigation section of this notice. At the Department's request, on February 8, 1996, the parties filed comments on suspension of liquidation instructions.

On February 2, 1996, petitioner filed comments on issues concerning MHI to be resolved and on general methodologies to be employed in the preliminary determination. Petitioner filed additional comments concerning MHI issues on February 8, 1996, and concerning TKS issues on February 6, 1996. MHI and TKS filed such comments on February 6 and 16, 1996, respectively.

Respondent Selection

The producers named in the petition were MHI and TKS. On August 2, 1995, we contacted the U.S. Embassy in Tokyo, requesting the identification of Japanese producers and exporters of LNPPs to the United States, and the volume and value of subject merchandise they sold to the United States during the period January 1, 1991 through May 31, 1995. On July 31, 1996, we requested the names and addresses of manufacturers or exporters; and the value and quantity of the subject merchandise sold and shipped to the United States for each company during the period January 1, 1991 through May 31, 1995, from the Embassy of Japan in Washington D.C. On August 11, 1995, we received a reply from the Embassy of Japan indicating that there were no other Japanese exporters of subject merchandise to the United States. At the time of respondent selection, no reply had been received from our Embassy in Tokyo.

Based on the petition and the information received from the Embassy of Japan, we issued questionnaires to MHI and TKS. (See the August 28, 1995, Memorandum to The File Re: Questionnaire Recipients.)

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2)(A) of the Act, on February 9, 1996, MHI requested, and on February 13, 1996, TKS requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until 60 days after the date of the scheduled final determination, which is equivalent to 135 days after the publication of an affirmative preliminary determination in the Federal Register. In accordance with 19 CFR 353.20(b), because our preliminary determination is affirmative, the respondent accounts for a significant proportion of exports of the subject merchandise, and no compelling reasons for denial exist, we are granting respondents' request and postponing the final determination.

Section 773(d) of the Act provides that provisional measures may not remain in effect for more than four months. However, that provision of the Act also states that the Department may extend that period to six months at the request of exporters representing a significant proportion of exports of the subject merchandise. Such a request was made by both respondents in this investigation on February 23, 1996. Accordingly, we are extending the applicability of the provisional measures to six months in this investigation.

Scope of Investigation

As specified below, we have revised the scope since our notice of initiation to exclude used presses, in accordance with the petitioner's January 23, 1996, clarification. Furthermore, we have clarified the scope to include "elements" (otherwise referred to as "parts" or "subcomponents") of an LNPP system, addition or component, which taken as a whole, constitute a subject LNPP system, addition or component used to fulfill an LNPP contract. See "Scope Issues" section of this notice concerning the treatment of elements in the scope. In addition, we have stipulated that spare or replacement parts, which are imported pursuant to an LNPP contract and are separately identified and valued in that contract, whether or not shipped in combination with covered merchandise, are excluded from the scope of the investigation. (See February 23, 1996, Decision Memorandum to Richard Moreland from The Team Re: Scope Issues.)

The products covered by these investigations are large newspaper printing presses, including press

systems, press additions and press components, whether assembled or unassembled, that are capable of printing or otherwise manipulating a roll of paper more than two pages across. A page is defined as a newspaper broadsheet page in which the lines of type are printed perpendicular to the running of the direction of the paper or a newspaper tabloid page with lines of type parallel to the running of the direction of the paper.

In addition to complete systems, the scope of these investigations includes the five press system components. They are:

- (1) A printing unit, which is any component that prints in monochrome, spot color and/or process (full) color, or a printing-unit cylinder;
- (2) A reel tension paster (RTP), which is any component that feeds a roll of paper more than two newspaper broadsheet pages in width into a subject printing unit;
- (3) A folder, which is a module or combination of modules capable of cutting, folding, and/or delivering the paper from a roll or rolls of newspaper broadsheet paper more than two pages in width into a newspaper format;
- (4) Conveyance and access apparatus capable of manipulating a roll of paper more than two newspaper broadsheet pages across through the production process and which provides structural support and access; and
- (5) A computerized control system, which is any computer equipment and/or software designed specifically to control, monitor, adjust, and coordinate the functions and operations of large newspaper printing presses or press components.

A press addition is comprised of a union of one or more of the press components defined above and the equipment necessary to integrate such components into an existing press system.

Because of their size, large newspaper printing press systems, press additions, and press components are typically shipped either partially assembled or unassembled. Any of the five components, or collection of components, the use of which is to fulfill a contract for large newspaper printing press systems, press additions, or press components, regardless of degree of assembly and/or degree of combination with non-subject elements before or after importation, is included in the scope of this investigation. Also included in the scope are elements of an LNPP system, addition or component, which taken as a whole, constitute a subject LNPP system, addition or

component used to fulfill an LNPP contract.

This scope does not cover spare or replacement parts. Spare or replacement parts imported pursuant to an LNPP contract, which are not integral to the original start-up and operation of the LNPP, and are separately identified and valued in an LNPP contract, whether or not shipped in combination with covered merchandise, are excluded from the scope of this investigation. Used presses are also not subject to this scope. Used presses are those that have been previously sold in an arm's length transaction to a purchaser that used them to produce newspapers in the ordinary course of business.

Further, these investigations cover all current and future printing technologies capable of printing newspapers, including, but not limited to lithographic (offset or direct), flexographic, and letterpress systems.

The products covered by these investigations are imported into the United States under subheadings 8443.11.10, 8443.11.50, 8443.30.00, 8443.59.50, 8443.60.00, and 8443.90.50 of the HTSUS. Large newspaper printing presses may also enter under HTSUS subheadings 8443.21.00 and 8443.40.00. Large newspaper printing press computerized control systems may enter under HTSUS subheadings 8471.49.10, 8471.49.21, 8471.49.26, 8471.50.40, 8471.50.80, 8524.51.30, 8524.52.20, 8524.53.20, 8524.91.00, 8524.99.00 and 8537.10.90. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

Scope Issues

Since our initiation, we received numerous comments from interested parties in this investigation and the concurrent investigation involving Germany, requesting that the Department clarify the treatment of "elements" in the scope of the investigation.

In general, respondents believe that if the imported elements do not constitute a complete, albeit unassembled, component, or are missing "essential" elements to function as one of the five components named in the scope, they would not be subject to the scope of this investigation and the concurrent investigation involving Germany. The petitioner believes that, because an imported LNPP press, addition or component will almost always contain elements, which, by themselves, are not subject to the scope, it is not practical to exclude these elements from the scope of the investigation in so far as

they comprise an incomplete subject component. (For a complete discussion of these comments, see February 23, 1996 Memorandum to Richard W. Moreland from The Team Re: Scope Issues.)

As stated in the "Scope of Investigations" section above, we interpret the scope to include those elements or collection of elements imported from a subject country in so far as they constitute any one of the five covered components which are, in turn, used to fulfill a contract for a LNPP press system, press addition or press component. Individual parts per se are not covered by the scope of these investigations unless taken as a whole they constitute a subject component used to fulfill an LNPP contract. This interpretation, however, raises a question: at what point do the elements imported from a subject country rise to the level of an LNPP component, addition or system subject to the scope of these investigations?

The Department must decide on a reasonable and practicable approach in determining what constitutes a subject LNPP component, addition or system, and in so doing, establish the basis on which we will include elements in the scope. We are considering two alternative approaches for analyzing what governs the inclusion of parts or subcomponents, other than spare or replacement parts, within the scope of these investigations. One approach would consider, on a case-by-case basis, whether the imported parts or subcomponents when taken together are essentially an LNPP system, addition or component. This so called "essence" approach is of necessity subjective and turns on the question of how near the sum of the imported parts comes to comprising a complete LNPP system, addition or component. A second approach would consider the value of the imported parts or subcomponents relative to the total value of the finished LNPP component, addition or system in the United States. That is, we would determine that the imported parts or subcomponents would be within the scope if they comprised a certain minimum percentage of the value of the parts of a finished LNPP system, addition or component.

Both of these approaches raise threshold questions. Because certain sales reported by respondents in both the German and Japanese investigations consist of imported elements from Germany or Japan, rather than a complete LNPP component, addition or system, acceptance of either of the two approaches will have implications as to which of the respondents sales the

Department will consider in its final determination. Therefore, we are presently soliciting comments from interested parties as to the merits of these approaches and/or others that may be relevant for use in the final determination. Interested party comments on this topic are due no later than May 1, 1996.

Period of Investigation (POI)

The petitioner, MHI, and TKS filed comments on October 19, 20, 25 and 26, 1995, concerning the appropriate period of investigation (POI) and the use of home market sales as the basis for NV. On October 27, 1995, we established the appropriate POI for MHI to be July 1, 1991 through June 30, 1995, and for TKS to be July 1, 1992 through June 30, 1995.

As a result of changes to section 773(b)(2)(B) of the Act, which codified the normal period within which sales made below the cost of production are to be analyzed, the Department modified its practice so that the standard POI would cover a one-year period. In this investigation, however, in order to capture sufficient and representative sales, the Department established a POI beyond the normal one-year period because of the nature of the LNPP industry, characterized by custom order sales and long term sales contracts. (See October 27, 1995, Memorandum to Richard W. Moreland, from The Team Re: Establishing the Period of Investigation.)

Exclusion of the Washington Post Sale

On October 27, 1995, the Department decided to exclude MHI's sale to the Washington Post from our antidumping analysis. (See Period of Investigation Memorandum). On November 7, and November 20, 1995, the petitioner requested that the Department reconsider its decision. On November 13 and November 29, 1995, MHI rebutted the petitioner's arguments.

The Department reaffirmed its exclusion of the Washington Post sale from its margin analysis because (1) this sale was unbuilt, unshipped, and uninstalled at the time of our analysis; (2) the Department believes that the historical bench-marking integral to the use of estimated costs was not reasonably available; and (3) because the Department had two other sales available for analysis which were built, delivered and installed. (See February 23, 1996, Memorandum to Richard W. Moreland from The Team Re: Continuing the Exclusion of the Washington Post Sale).

The Nature of the Guard Sale

On November 1, 1995, the petitioner requested that the Department determine that the correct price for the Department to examine with regard to the ultimate purchase of an LNPP by the Guard Publication Company (Guard) is that set between MHI and the Sumitomo Trading Company. In response to the petitioner's questions, the Department held an ex parte meeting with counsel for MHI on December 7, 1995. Following this meeting MHI submitted documentation with respect to this transaction on December 7, 1995. MHI supplemented this submission with more documentation on December 12, 1995. On January 11, 1996, the petitioner submitted comments analyzing MHI's documentation of the transaction. Finally, MHI submitted additional information concerning this sale in its January 18, 1996, supplemental response. MHI maintained that the documentation was evidence that the sale was made by MHI to Guard.

Because of the participation of MHI in the business dealings between Sumitomo and Guard, the documented correspondence between MHI and Guard, and MHI's actual performance pursuant to the Guard's technical requirements, we established that the appropriate transaction to examine was the sale from MHI to Guard Publishing Company. (See February 23, 1996, Memorandum to Richard W. Moreland from The Team Re: Establishing the Proper Guard Sale.)

Product Comparisons

Although the home market was viable, in accordance with section 773 of the Act, we based NV on constructed value (CV) because we determined that the particular market situation, which requires that the subject merchandise be built to each customer's specifications, does not permit proper price-to-price comparisons. (See November 9, 1995, Memorandum to Richard W. Moreland from The Team Re: Determining the Appropriate Basis for Normal Value.)

Fair Value Comparisons

To determine whether MHI's and TKS's sales of LNPPs to the United States were made at less than fair value, we compared Constructed Export Price (CEP) to the NV, as described in the "Constructed Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(ii), we calculated transaction-specific CEPs (which in this case were synonymous with model-specific CEPs) for comparison to

transaction-specific NVs because there are few sales and the merchandise is custom-made.

Constructed Export Price (CEP) and Further Manufacturing (FM)

TKS

TKS reported its sales as CEP and CEP/FM sales. Because we have classified installation expenses as further manufacturing, we have treated all TKS sales as CEP/FM sales. We calculated CEP, in accordance with subsections 772 (b) and (d) of the Act, for (1) those sales to the first unaffiliated purchaser that took place after importation by a seller affiliated with the producer/exporter and (2) those sales involved in further manufacturing in the United States.

We calculated CEP sales based on packed, installed prices to unaffiliated customers. We made deductions from the starting price (gross unit price), for foreign inland freight to port in Japan, foreign brokerage and handling, international freight, combined marine and foreign insurance, U.S. brokerage and handling, U.S. Customs duty, U.S. inland freight port to customer, U.S. inland freight U.S. warehouse to customer, and U.S. inland insurance. We also made deductions for imputed credit, warranty, and other direct selling expenses including certain U.S. trade show expenses.

In calculating imputed credit, we took into account the unique nature and magnitude of the LNPP projects under investigation. These projects require substantial capital expenditures over an extended time period because of their size and their lengthy production process. Moreover, the projects generally call for the purchaser to provide scheduled progress payments prior to the completion of a given project. In consideration of these factors, we computed credit by applying an interest rate to the net balance of production costs incurred and progress payments made during the construction period. We imputed credit expenses for U.S. sales using U.S. prime short-term interest rates as reported by the Federal Reserve, calculated as a weighted-average rate for each fiscal year in the POI, since these sales were denominated in U.S. dollars. However, because TKS reported that it did not borrow in U.S. dollars, we used U.S. prime short-term interest rates as a surrogate rate.

We deducted those indirect selling expenses that related to economic activity in the United States. We have recalculated TKS's reported indirect selling expenses incurred in the United States using the total expenses and total

revenue for TKS USA during the fiscal years 1991 through 1995, in order to remove distortions in TKS USA's financial statements caused by auditors' modifications to revenue recognized during the POI.

We also deducted the cost of any further manufacturing or assembly (including additional material and labor). Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act.

Furthermore, we have reclassified TKS's combined training and U.S. testing expenses as installation expenses. We then reclassified total installation expenses as U.S. further manufacturing activity.

We classified installation charges as part of further manufacturing, because the U.S. installation process involves extensive technical activities on the part of engineers and installation supervisors and the integration of subject and non-subject merchandise necessary for the operation of LNPPs. See *Certain Internal-Combustion, Industrial Forklift Trucks from Japan*, 53 FR 12565 (Apr. 15, 1988) and *Small Business Telephone Systems and Subassemblies thereof from Korea*, 54 FR 53151 (Dec. 27, 1989).

We have also classified as part of further manufacturing costs the costs of certain non-Japanese items shipped directly to the United States without further processing in Japan, and non-Japanese items sourced in the United States, for integration into the overall LNPP during the installation process.

We recomputed the U.S. further manufacturer's reported G&A rate using the cost of goods sold amount reported in its audited financial statements; and we included interest expense relating to the cost of installation in U.S. further manufacturing.

MHI

MHI reported its sales as EP sales. We have classified all MHI sales as CEP/FM sales because MHI's affiliated U.S. sales agent acted as more than a processor of sales-related documentation and a communication link with the unaffiliated U.S. customers; the U.S. affiliate engaged in a broad range of activities including coordination of installation, which we have classified as further manufacturing. We calculated CEP, in accordance with subsections 772 (b) and (d) of the Act, for these sales because they involved further manufacturing in the United States.

We calculated CEP sales based on packed, installed prices to unaffiliated customers in the United States. We made deductions for inland freight to port in Japan; foreign brokerage and

handling; international freight; combined foreign inland and marine insurance, export insurance and U.S. inland insurance, U.S. brokerage and handling, U.S. Customs duty.

We also made deductions for post-sale warehousing, commissions, imputed credit, direct warranty and training expenses, where applicable.

With respect to reported technical service expenses, direct and indirect, we have included these as part of total installation expenses. We then reclassified total installation expenses as U.S. further manufacturing activity. We are continuing to use the amounts reported for technical expenses for purposes of the preliminary determination. In light of MHI's claim that the expenses are limited in time, the magnitude of any changes, and the relationship between technical services in future years and the nature of MHI product warranties, we are not changing the reported values; we will require MHI to explain explicitly the administration of its technical servicing for purposes of the final determination.

We deducted those indirect selling expenses that related to economic activity in the United States. We have modified the calculation of Mitsubishi Lithographic Presses—(MLP's) reported indirect selling expenses to correct the allocation methodology for common G&A expenses.

In calculating imputed credit, we took into account the unique nature and magnitude of the LNPP projects under investigation. These projects require substantial capital expenditures over an extended time period because of their size and their lengthy production process. Moreover, the projects generally call for the purchaser to provide scheduled progress payments prior to the completion of a given project. In consideration of these factors, we computed credit by applying an interest rate to the net balance of production costs incurred and progress payments made during the construction period. We imputed credit expenses for U.S. sales using U.S. prime short-term interest rates as reported by the Federal Reserve, calculated as a weighted-average rate for each fiscal year in the POI, since these sales were denominated in U.S. dollars. However, because MHI reported that it did not borrow in U.S. dollars, we used U.S. prime short-term interest rates as a surrogate rate.

Furthermore, we classified total installation expenses as part of U.S. further manufacturing activity. We classified installation charges as part of further manufacturing, because the U.S. installation process involves extensive technical activities on the part of

engineers and installation supervisors and the integration of subject and non-subject merchandise necessary for the operation of LNPPs.

We have also classified as part of further manufacturing costs the costs of certain non-Japanese items shipped directly to the United States without further processing in Japan, and non-Japanese items sourced in the United States, for integration into the overall LNPP during the installation process.

We also deducted the cost of any further manufacturing or assembly (including additional material and labor). We made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act. Finally, we adjusted MHI's reported U.S. further manufacturing costs to include a portion of MHI's G&A and interest expense.

We also deducted the value of spare and replacement parts which are excluded from the scope of the investigation, from the starting price, where the value of these spare and replacement parts was separately identified in the contractual documentation relevant to the sale.

Normal Value/Constructed Value

For the reasons outlined in the "Product Comparisons" section of this notice, we based NV on CV.

TKS

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the respondent's cost of materials, fabrication, SG&A and U.S. packing costs as reported in the U.S. sales database. In accordance with section 773(e)(2)(A), we based SG&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

We relied on the respondent's CV amounts except in the following specific instance wherein the reported costs were improperly valued: For one Dallas Morning News sale, we included the costs of parts from earlier unsold models.

We calculated imputed credit for CV purposes in accordance with the methodology explained in the "Constructed Export Price" section of this notice. We imputed credit expenses for CV using the weighted-average home market short-term interest rate reported for the POI since these sales were denominated in yen.

We also included in CV the costs of spare and replacement parts for those U.S. sales where the value of these parts could not be separately identified in the

contractual documentation and therefore was not excluded from CEP.

For selling expenses, we used the weighted-average home market selling expense rate, calculated based on sales made in the ordinary course of trade, and applied this rate to U.S. cost of manufacture.

In accordance with section 773(a)(6)(B), we added U.S. packing costs to a CV net of packing.

MHI

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the respondent's cost of materials, fabrication, SG&A and U.S. packing costs as reported in the U.S. sales database. In accordance with section 773(e)(2)(A), we based SG&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

We relied on the respondent's CV amounts except in the following specific instances wherein the reported costs were improperly valued:

1. We increased materials and contract labor costs to account for inputs purchased from affiliated parties at below cost prices; and
2. We recalculated G&A and interest expense to include all four years of the POI.

We calculated imputed credit for CV purposes in accordance with the methodology explained in the "Constructed Export Price" section of this notice. We imputed credit expenses for CV using the weighted-average home market short-term interest rate reported for the POI since these sales were denominated in yen.

For selling expenses, we used the weighted-average home market selling expense rate, calculated based on sales made in the ordinary course of trade, and applied this rate to U.S. cost of manufacture.

In accordance with section 773(a)(6)(B), we added the U.S. packing costs to a CV net of packing.

Price to CV Comparisons

TKS

For CEP to CV comparisons, we deducted from CV the weighted-average home market direct selling expenses, pursuant to section 773(a)(8) of the Act.

MHI

For CEP to CV comparisons, we deducted from CV the weighted-average home market direct selling expenses including commissions, pursuant to section 773(a)(8) of the Act.

Currency Conversion

Section 773A(a) of the Act directs the Department to convert foreign currencies based on the dollar exchange rate in effect on the date of sale of the subject merchandise, except if it is established that a currency transaction on forward markets is directly linked to an export sale. When a company demonstrates that a sale on forward markets is directly linked to a particular export sale in order to minimize its exposure to exchange rate losses, the Department will use the rate of exchange in the forward currency sale agreement. In this case, although one respondent reported that foreign exchange currency contracts applied to its reported U.S. sales, the record information was not sufficient to conclude that these contracts were directly linked to the particular sales in question.

Therefore, for the purpose of the preliminary determination, we made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. Section 773A(a) directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a "fluctuation." For this preliminary determination, we have determined that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determined a fluctuation existed, we substituted the benchmark for the daily rate.

Further, section 773A(b) directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar. The use of an adjustment period was not warranted in this case, because the dates of sale occurred within periods where the Japanese yen remained generally constant against the U.S. dollar.

Verification

As provided in section 782(i) of the Act, we will verify all information used in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all entries of LNPP systems, additions, and components, whether assembled or unassembled, from Japan, that are entered, or withdrawn from warehouse

for consumption, on or after the date of publication of this notice in the Federal Register. Furthermore, because we are still in the process of clarifying the definition of a subject LNPP system, addition, or component, as explained in the "Scope Issues" section of this notice, we are also directing the Customs Service to suspend liquidation of entries of elements (parts or subcomponents) of components imported to fulfill a contract for an LNPP system, addition, or component, from Japan, that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register.

In addition, in order to ensure that our suspension of liquidation instructions are not so broad as to cover merchandise imported for non-subject uses, foreign producers/exporters and U.S. importers in the LNPP industry shall be required to provide certification that the imported merchandise would not be used to fulfill an LNPP contract. We will also request that these parties register with the Customs Service the LNPP contract number pursuant to which the merchandise is imported. With respect to entries of LNPP spare and replacement parts, and used presses, from Japan, which are expressly excluded from the scope of the investigation, we will instruct the Customs Service not to suspend liquidation of these entries if they are separately identified and valued in the LNPP contract pursuant to which they are imported.

The Customs Service will require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the export price as shown below. These suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Exporter/Manufacturer	Weighted-average margin percentage
Mitsubishi Heavy Industries, Ltd.	47.57%
Tokyo Kikai Seisakusho, Ltd. ...	58.14%
All Others	53.72%

The All Others rate applies to all entries of subject merchandise except for entries of merchandise produced by MHI and TKS.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final

determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than May 24, 1996, and rebuttal briefs, no later than May 30, 1996. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on June 4, 1996, time and place to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room B-099, within ten days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by 135 days after the publication of this notice in the Federal Register.

This determination is published pursuant to section 733(f) of the Act.

Dated: February 23, 1996.
Susan G. Esserman,
Assistant Secretary for Import Administration.

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