the function of memory are covered. Only those modules which contain additional items which alter the function of the module to something other than memory, such as video graphics adapter (VGA) boards and cards, are not included in the scope.

The scope of this review also includes video random access memory semiconductors (VRAMs), as well as any future packaging and assembling of DRAMs.

The scope of this review also includes removable memory modules placed on motherboards, with or without a central processing unit (CPU), unless the importer of motherboards certifies with the Customs Service that neither it, nor a party related to it or under contract to it, will remove the modules from the motherboards after importation. The scope of this review does not include DRAMs or memory modules that are reimported for repair or replacement.

The DRAMs subject to this review are classifiable under subheadings 8542.0001, 8542.11.0024, 8542.11.0026, and 8542.11.0034 of the Harmonized Tariff Schedule of the United States (HTSUS). Also included in the scope are those removable Korean DRAMs contained on or within products classifiable under subheadings 8471.91.0000 and 8473.30.4000 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this review remains dispositive.

The period of review (POR) covers from October 29, 1992 through April 30, 1994 for all respondents.

## Ministerial Errors in Final Results of Review

After reviewing allegations of ministerial errors submitted by the petitioner and Hyundai, the Department determined that it should correct four clerical errors pertaining to Hyundai. The Department corrected the following clerical errors in the final results pertaining to Hyundai:

In the final results of review, we applied second-tier best information available (BIA) to Hyundai's embedded DRAM sales (see Dynamic Random Access Memory Semiconductors of One Megabit or Above from the Republic of Korea; Final Results of Antidumping Duty Administrative Review, 61 FR 20216 (May 6, 1996), Comment 9). However, we incorrectly applied this rate to the quantity of the embedded DRAM sales instead of to the value of the embedded DRAM sales. We adjusted our calculations by correctly applying BIA so as to assign the BIA rate of 11.16 percent to the value of the sales in question (see Dynamic Random Access Memory Semiconductors of One Megabit or Above from the Republic of Korea Memorandum on Clerical Errors in the Final Results of Review, (DRAMS Clerical Error Memorandum) (August 30, 1996)).

In the margin calculations in the final results of review, we inadvertently omitted Hyundai's value added taxes (VAT), U.S. repacking expenses for certain sales, and revised profit for constructed value (CV) for comparisons to non-further-manufactured U.S. sales. We corrected the final calculations to include Hyundai's home market VAT, U.S. repacking expenses, and revised profit for CV (see DRAMS Clerical Error Memorandum).

## Amended Final Results of Review

Upon correction of the ministerial errors listed above, the Department has determined that the following margin exists for the periods indicated:

| Manufacturer/exporter | Percent margin |
|---|---|
| October 29, 1992 through April 30, 1994: | |
| Hyundai Electronics Industries .... | 0.22 |

The Customs Service shall assess antidumping duties on all appropriate entries. Individual differences between USP and FMV may vary from the percentages stated above. The Department will issue appraisement instructions concerning each respondent directly to the U.S. Customs Service.

Furthermore, the following deposit requirements will be effective for all shipments of the subject merchandise, entered, or withdrawn from warehouse, for consumption on or after the publication date of these final results of administrative review, as provided for by section 751(a)(1) of the Tariff Act: (1) The cash deposit rate for Hyundai will be zero percent; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or in the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be 3.85%, the all others rate established in the LTFV investigation. Samsung Electronics Co., Ltd. (Samsung), formerly a respondent in this administrative review, was excluded from the antidumping duty order on DRAMs from Korea on February 8, 1996. See Final Court Decision and Partial Amended Final Determination: Dynamic Random Access Memory Semiconductors of One Megabit and Above From the Republic of Korea, 61 FR 4765 (February 8, 1996).

These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

This notice serves as the final reminder to importers of their responsibility under 19 CFR 353.26 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 19 CFR 353.34(d). Timely written notification or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of the APO is a sanctionable violation.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and 19 CFR 353.22.

Dated: September 25, 1996.

Barbara R. Stafford,

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 96–25240 Filed 10–1–96; 8:45 am]

BILLING CODE 3510–DS–M

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**[A–412–817]**

## Notice of Final Determination of Sales at Less Than Fair Value: Foam Extruded PVC and Polystyrene Framing Stock From the United Kingdom

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

**EFFECTIVE DATE:** October 2, 1996.

**FOR FURTHER INFORMATION CONTACT:** Ellen Grebasch, Dorothy Tomaszewski, or Erik Warga, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone:

(202) 482–3773, (202) 482–0631, or (202) 482–0922, respectively.

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

**FINAL DETERMINATION:** We determine that foam extruded PVC and polystyrene framing stock (''framing stock'') from the United Kingdom is being, or is likely to be, sold in the United States at less than fair value (''LTFV''), as provided in section 735 of the Act.

Case History

Since the preliminary determination in this investigation (Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Foam Extruded PVC and Polystyrene Framing Stock From the United Kingdom 61 FR 22021, (May 13, 1996), the following events have occurred:

On May 16, 1996, respondent, Robobond Ltd. (''Robobond''), alleged the Department made two ministerial errors in its preliminary determination. The Department found that there were errors made in the preliminary determination; however, these errors did not result in a combined change of at least five absolute percentage points in, but no less than 25 percent of, the weighted-average dumping margin calculated in the preliminary determination. Accordingly, no revision to the preliminary determination was made. (*See* Memorandum from the Framing Stock Team to Barbara R. Stafford, June 6, 1996.)

On May 16, 1996, the Department issued a supplemental cost questionnaire to Robobond. Robobond submitted its response on May 31, 1996, and June 6, 1996.

On May 24, 1996, respondent, Magnolia Group Plc. (''Magnolia''), withdrew from the investigation.

In June 1996, we verified the questionnaire responses of Ecoframe Plc. (''Ecoframe'') and Robobond. Petitioner and respondents submitted case briefs on August 12, 1996, and rebuttal briefs on August 19, 1996. On August 22, 1996, petitioners protested that information in Ecoframe's rebuttal constituted new information. On August 23, 1996, the Department rejected certain new information contained in Ecoframe's rebuttal brief. The Department held a public hearing for this investigation on August 23, 1996.

On September 3, 1996, the Department requested certain information from Ecoframe regarding its quantity adjustment claim. Ecoframe responded on September 5, 1996. Petitioners submitted comments on September 9, 1996.

Scope of Investigation

This investigation covers all extruded PVC and polystyrene framing stock regardless of color, finish, width or length. Finished frames assembled from foam extruded PVC and polystyrene framing stock are excluded. The merchandise under investigation is currently classifiable under subheadings 3924.90.20.00; 3926.90.90.90; 3926.90.95.90; and 3926.90.98.90 of the Harmonized Tariff Schedules of the United States (''HTS''). Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Period of Investigation

The POI is September 1, 1994, through August 31, 1995.

Facts Available

Section 776(a)(2) of the Act provides that if an interested party withholds information that has been requested by the Department, fails to provide such information by the deadlines for the submission of information or in the form and manner requested, significantly impedes a proceeding under the antidumping statute, or provides such information but the information cannot be verified, the Department shall use facts otherwise available in reaching the applicable determination. Because respondent Magnolia withdrew from the proceeding following the preliminary determination, Magnolia's questionnaire response information on the record is unverifiable. Therefore, we must use facts otherwise available with respect to Magnolia.

Section 776(b) provides that adverse inferences may be used against a party that has failed to cooperate by not acting to the best of its ability to comply with requests for information. (See also Statement of Administrative Action, H.R. Doc. No. 316, 103d Cong., 2d Sess. 870 (1994) (''SAA'').) Magnolia's failure to participate following the preliminary determination and to agree to verification of its information on the record demonstrate that Magnolia has failed to cooperate to the best of its ability in this investigation. In past cases, when a company refuses to provide the information requested in the form required, or otherwise significantly impedes the Department's investigation, it is appropriate for the Department to assign to that company the higher of (a) the highest margin alleged in the petition, or (b) the highest calculated rate of any respondent in the investigation. (See Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate From Belgium 58 FR 37083, (July 9, 1993).) Therefore, the Department has determined that, in selecting among the facts otherwise available with respect to Magnolia, an adverse inference is warranted. As facts otherwise available, we are making an adverse inference and assigning to Magnolia the margin calculated based on its submitted information at the preliminary determination [1] of 84.82 percent. This rate is the higher of the highest margin alleged in the petition, or the highest calculated rate of any respondent in the investigation.

Fair Value Comparisons

To determine whether sales of the subject merchandise by respondents to the United States were made at less than fair value, we compared the export price (''EP'') to the normal value (''NV''), as described in the ''Export Price'' and ''Normal Value'' sections of this notice. In accordance with section 777A(d)(1)(A)(i), we compared the weighted-average EP to the weighted-average NV during the POI. In determining averaging groups for comparison purposes, we considered the appropriateness of such factors as physical characteristics, comparable quantities and level of trade.

*A. Physical Characteristics*

In accordance with section 771(16) of the Act, we considered all products covered by the description in the Scope of Investigation section, above, produced in the United Kingdom (''UK'') and sold in the home market during the POI, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the Department's antidumping questionnaire. In making the product comparisons, we relied on the following criteria (in order of preference): material; weight per linear foot; profile

[1] Following the preliminary determination minor errors were found in the margin program. These errors have been corrected for the final determination.

type; width; finish type (pasta/compo, foil, mylar, laminated/wrapped, embossed plain substrate, embossed substrate with foil, embossed substrate with mylar, wet system (*e.g.*, paint, or other); and total number of finishes.

*B. Comparable Quantities*

In this investigation, Ecoframe requested the Department to make fair value comparisons of its sales at comparable quantities. We have examined the sales information submitted by Ecoframe and determined that this methodology is appropriate. (For further discussion, *see* ''Interested Parties' Comments'' section of this notice.) Where there were no home market sales of the most similar merchandise at comparable quantities to match to U.S. sales, we compared the U.S. sales to the weighted-average of the most similar foreign like product.

*C. Level of Trade*

Based on our findings at verification, there was no support for Robobond's level of trade claim. Therefore, level of trade was not a factor in Robobond's final margin calculations. (For further discussion, *see* ''Interested Parties' Comments'' section of this notice.)

Export Price

In accordance with subsections 772 (a) and (c) of the Act, we calculated EP for each of the respondents where the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation. Use of constructed export price was not otherwise warranted based on the facts of record.

We calculated EP based on the same methodology used in the preliminary determination, with the following exceptions:

*Robobond*

Adjustments to reported sale terms, payment dates, and international freight were made based on verification findings. We made adjustments for verified commission expense on certain U.S. sales in the final margin calculation. Credit expense was recalculated to reflect the verified short-term interest rate. (For details, see September 25, 1996, Final Determination Calculation Memorandum for Robobond.)

*Ecoframe*

Minor adjustments to reported sales data were made based on verification findings. (For details, see September 25, 1996, Final Determination Calculation Memorandum for Ecoframe.)

Normal Value; Cost of Production Analysis

In the preliminary determination, the Department found reasonable grounds to believe or suspect that each respondent made sales in the home market at prices below the cost of producing the merchandise. As a result, the Department initiated investigations to determine whether the respondents made home market sales at prices below their respective COPs during the POI within the meaning of section 773(b) of the Act.

Before making any fair value comparisons, we conducted the COP analysis described below.

*A. Calculation of COP*

We calculated the COP based on the sum of each respondent's cost of materials and fabrication used in producing the foreign like product, plus amounts for home market general and administrative expenses (''G&A'') and packing costs in accordance with section 773(b)(3) of the Act.

*B. Test of Home Market Prices*

We used the respondents' adjusted weighted-average COP to test home market prices. We compared the weighted-average COP figures to home market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at below-cost prices, within an extended period of time, in substantial quantities, and were not at prices which permit recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the COP to the home market prices, less any applicable movement charges and direct and indirect selling expenses.

*C. Results of COP Test*

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

Where there were no above-cost sales available for matching purposes, export prices that would have been compared to home market prices for these models were compared instead to CV.

*D. Calculation of CV*

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of a respondent's cost of materials, fabrication, selling, general, and administrative expenses (''SG&A''), profit and U.S. packing costs as reported in the U.S. sales databases. In accordance with section 773(e)(2)(A) of the Act, 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.

Price to CV Comparisons

Where we compared CV to export prices, we deducted from CV the weighted-average home market direct selling expenses and added the weighted-average U.S. product-specific direct selling expenses (where appropriate) in accordance with section 773(a)(8) of the Act.

Adjustments to COP and CV

We based COP and CV on the same methodology used in the preliminary determination, with the following exceptions:

*Ecoframe*

Minor adjustments to reported costs were made based on verification findings. (See Memorandum to the file from Michael Martin dated July 30, 1996 (''cost verification report'').)

*Robobond*

Robobond's reported G&A expense was adjusted to include a figure for dividends. An amount for building depreciation expense was added to reported total depreciation expense. Robobond's reported depreciation expense for equipment was adjusted to reflect depreciation expense calculated in accordance with the depreciation methodology historically used by the company. (For above-noted adjustments concerning Ecoframe and Robobond, see ''Interested Party Comments.'')

Adjustments to Normal Value

We based normal value on the same methodology used in the preliminary determination, with the following exceptions:

*Ecoframe*

Minor adjustments to reported sales data were made pursuant to verification

findings. Additionally, credit expense was recalculated to reflect the verified short-term interest rate used by Ecoframe.

*Robobond*

Minor adjustments to reported sales terms, inland freight, and payment dates were made pursuant to verification findings. Certain reported direct selling expenses were treated as indirect selling expenses. Credit expense was recalculated to reflect the verified short-term interest rate used by Robobond. (For details concerning these adjustments, *see* ''Interested Party Comments'' in this notice.)

Currency Conversion

We made currency conversions into U.S. dollars 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) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we substitute the benchmark rate for the daily rate, in accordance with established practice. Further, section 773A(b) directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see Policy Bulletin 96–1: Currency Conversions 61 FR 9434, (March 8, 1996).) Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar. The use of an adjustment period was not warranted in this case because the U.K. pound did not undergo a sustained movement, nor were there currency fluctuations during the POI.

Verification

As provided in section 782(i)(1) of the Act, we verified the information submitted by respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by respondents.

Interested Party Comments

*Robobond*

*Comment 1:* Final Determination *Based on Adverse Facts Available*

Petitioner asserts that Robobond has misled the Department during the course of this investigation through a series of omissions, discrepancies, and misrepresentation of data provided on the record. While certain misstatements and inaccuracies in the information supplied by Robobond may be inadvertent, petitioner maintains that other instances appear to be deliberate attempts by Robobond to mislead the Department and to manipulate and distort the results of this proceeding. Petitioner submits that the cumulative impact of the omissions and misrepresentations attributable to Robobond render Robobond's responses inherently unreliable as a whole. As such, petitioner requests the Department to reject Robobond's responses for the final determination and assign it a margin based on the most adverse facts available.

Robobond counters that there is no merit whatsoever in petitioner's claims that Robobond misled the Department. Robobond maintains that its sales and cost of production data were successfully verified, and those topics for which discrepancies were noted involve only minor issues which can easily be corrected for the final determination. Accordingly, Robobond urges the Department to reject petitioner's allegations.

*DOC Position*

Certain discrepancies and omissions in Robobond's reported sales and cost data were discovered during verification (*see e.g.,* comment 6 below, regarding missing accounting records). However, the discrepancies and omissions do not warrant the use of adverse facts available. Such errors will be addressed individually. (See, *e.g.,* Certain Corrosion-Resistant Carbon Steel Flat Products from Korea; Final Results of Antidumping Duty Administrative Review 61 FR 18558 (April 26, 1996).)

*Comment 2: International Freight*

For certain sales observations where international freight was incorrectly reported as zero, Robobond argues that these omissions were clerical errors, consistent with criteria recently announced in Certain Fresh Cut Flowers from Ecuador; Final Results of the Antidumping Duty Administrative Review, 61 FR 37044, (July 16, 1996)[2] (''Flowers''). According to Robobond, the omission of international freight from these sales constitutes inadvertent errors that satisfy the test set forth in Flowers and should be treated accordingly.

Further, Robobond contends that the use of the highest reported per unit international freight figure would unnecessarily overstate the actual international freight cost associated with the sales in question. Robobond notes that application of the highest reported figure is inconsistent with the Department's actions regarding errors in international freight described in the sales verification report for Ecoframe, the other UK respondent in this investigation.

Alternatively, if the Department does not decide that these omissions constitute clerical errors, Robobond suggests that the Department apply a weighted-average freight expense from the initial invoice or invoices to the correcting invoice as a more reasonable method of adjustment.

Petitioner argues that Robobond's failure to report international freight for certain U.S. sales clearly does not constitute an inadvertent error, but was either a methodological error, error in judgement, or substantive error, within the definition given in Flowers. Petitioner requests that the Department reject Robobond's claims for the correction of clerical errors because Robobond has not satisfied the test set forth in Flowers, and assign the highest reported international freight rate per linear foot to these sales transactions.

*DOC Position*

The test set forth in Flowers defines a clerical error as being ''not a methodological error, an error in judgement, or a substantive error.'' In the case of the one invoice (4275), where international freight was not reported for one out of 23 line items, we agree with Robobond's assessment that this was a clerical error. The fact that international freight was reported for all line items listed on the invoice except for one (amounting to 6% of total sales

[2] ''* * * We will accept corrections of clerical errors under the following conditions: (1) The error in question must be demonstrated to be a clerical error, not a methodological error, an error in judgement, or a substantive error; (2) the Department must be satisfied that the corrective documentation provided in support of the clerical error allegation is reliable; (3) respondent must have availed itself of the earliest reasonable opportunity to correct the error; (4) the clerical error allegation, and any corrective documentation, must be submitted to the Department no later than the due date for the respondent's administrative case brief; (5) the clerical error must not entail a substantial revision of the response; and (6) the respondent's corrective documentation must not contradict information previously determined to be accurate at verification.'' (pages 37044–37045)

value and 9% of total footage of the invoice) indicates that this movement expense was inadvertently missed when compiling the database. Accordingly, we have treated this omission as a clerical error for the final determination.

With respect to the other six invoices in question, we determine that the omission does not constitute a clerical error. The omission of international freight figures for certain reported sales resulted where certain product line items listed on the delivery notes (and transported to the customer) were overlooked by invoicing staff when preparing the original sales invoice. Subsequently, additional invoices were issued to account for the missed product line items on the original invoice. When compiling the sales database, however, Robobond neglected to account for international freight for these six invoices even though it was known that international freight was provided for these sales. This omission occurred consistently for six invoices which were issued under similar circumstances. In all six instances, the actual invoice document noted the error and, in most cases, referred to the original sales invoice. Accordingly, we find that Robobond did not act to the best of its ability to comply with the Department's request for information. Therefore, pursuant to section 776(b) of the Act, we are applying the highest international freight figure reported for merchandise listed in the original invoice for the six invoices in question.

*Comment 3: Error in Calculating International Freight*

For sales listed on one sales invoice (invoice 4331), petitioner notes that the international freight figure was understated because the amount of the expense was incorrectly billed to the U.S. customer at a lower rate. Therefore, petitioner requests that the Department make a correction to account for this understatement.

*DOC Position*

We agree with petitioner and have corrected this error accordingly.

*Comment 4: Exclusion of Certain Reported Sales*

Robobond asserts that certain reported sales should not be considered in the final margin calculation because those transactions are not sales to the ''first unaffiliated U.S. customer.'' According to Robobond, these sales were of merchandise initially sold to a U.S. customer, but portions of these sales were not paid for and, subsequently, they were directed to another U.S. customer. Robobond requests that these sales be excluded from the final margin calculation. Alternatively, if the Department were to include these sales in its final margin calculation, Robobond requests that the Department use a weighted-average international freight cost of the initial invoice to calculate the freight cost for the subsequent sale.

Petitioner counters that the sales in question should be considered in the final margin calculation. According to petitioner, the initial sales to the U.S. customer were not actually concluded because the customers did not pay for the merchandise or keep the merchandise. Petitioner requests the Department reject Robobond's argument and consider applying international freight for these reported sales based upon facts available.

*DOC Position*

We agree with petitioner. The transactions in question were sales by Robobond of returned goods to the first unaffiliated U.S. customer. Accordingly, these sales are included in the final margin calculation.

Additionally, Robobond's argument for using weighted-average international freight fails to address the fact that the cost to transport the merchandise from the UK to US was not reported for these sales even though such freight costs were incurred by Robobond. We do not consider the omission of the known freight expense for all five invoices to be a clerical error and, accordingly, we find that Robobond did not act to the best of its ability to comply with the Department's request for information. Therefore, pursuant to section 776(b) of the Act, we have applied the highest reported international freight figure per linear foot.

*Comment 5: Affiliated Party*

Petitioner asserts that an unreported affiliated party was disclosed at verification. Robobond counters that the status of the alleged affiliated party was thoroughly examined at verification where it was found that the company in question was dissolved prior to the POI and, therefore, should not be considered a factor in determining whether to base the final determination on facts available.

*DOC Position*

We agree with Robobond. Company records from the U.K. Registrar of Companies were examined for all listed shareholders of Robobond, Robam, D&J Simons, Ltd., D&J Simons & Sons, Ltd, Danant Holdings and Gransim Properties. As noted in the verification report, no discrepancies were discovered concerning the corporate structure and affiliated parties reported by Robobond. Therefore, this issue does not require further consideration for purposes of the final determination.

*Comment 6: Accounting Records*

Petitioner contends that Robobond's accounting records were incomplete to the extent that the Department was precluded from verifying the accuracy of Robobond's questionnaire responses and, in particular, reconciling Robobond's reported quantity and value of sales during the POI. Because of this deficiency at verification, petitioner requests the Department to reject Robobond's responses and determine that the most adverse inference is warranted in the selection of facts otherwise available for purposes of the final determination.

Robobond counters that the Department's verification report makes no mention of any major discrepancies in its review of company sales and accounting records for the POI. Robobond maintains that to the extent that accounting records were incomplete, this did not hinder the Department's verification. Further, Robobond notes that, according to the verification report, nominal ledger daybooks and sales invoice files were available for verifying completeness.

*DOC Position*

We consider Robobond's reported volume and value of sales to be verified as complete and accurate for purposes of this investigation. While the missing accounting records are a cause for concern, as noted in the Department's verification report, source records and nominal ledger daybooks were available for review and used for reconciling Robobond's reported volume and value of sales and testing completeness of Robobond's reported sales of subject merchandise made during the POI. Therefore, there is no basis for making a final determination in this proceeding based solely upon facts available.

*Comment 7: Level of Trade*

Petitioner contends that Robobond made statements supporting its level of trade claim that were subsequently proven false at verification. According to petitioner, such misleading statements reflect Robobond's consistent equivocation on the record of this proceeding and, therefore, the Department should use facts available for the final determination.

Robobond maintains that it stated nothing false on the record of this proceeding. According to Robobond, all statements made concerning its sales

process, size of orders, and inventory maintenance in support of its level of trade claim were accurate. Robobond requests the Department to dismiss petitioner's assessment of these statements.

*DOC Position*

We did not grant Robobond's level of trade claim for the preliminary determination because it did not provide sufficient information to indicate that separate levels of trade existed (*see* May 3, 1996, Decision Memorandum from the Team to Deputy Assistant Secretary Barbara Stafford). Verification failed to disclose any evidence to support Robobond's claim that its sales were made at different levels of trade. Therefore, the Department has rejected Robobond's alleged level of trade claim.

*Comment 8: Treatment of Commission Expense*

Petitioner contends that there is no reasonable basis to conclude that no other commission payments were made for sales of subject merchandise during the POI because Robobond's accounting records were incomplete. Therefore, for the final determination, petitioner requests the Department to apply a commission expense to all sales made during the three-month period of the POI for which the accounting records were incomplete.

Robobond submits that it properly reported relevant commission expense data prior to verification, in accordance with the Department's regulations, and notes that the verification report disclosed no discrepancies regarding this subject. Therefore, Robobond argues an application of a commission expense to U.S. sales as facts available is unwarranted.

*DOC Position*

The commission expense was reported by Robobond to the Department prior to verification. As noted in the verification report, with the exception of the reported commission payment, no evidence of any other commission payments were discovered to be linked to any POI sales of the subject merchandise. Therefore, we have considered the verified commission expenses relating to U.S. sales observations in the final margin calculation.

*Comment 9: Home Market Direct Selling Expenses*

Bank Charges (Returned Check Fees)

Petitioner asserts that the sales verification revealed that the returned check fees, reported by Robobond as direct selling expenses, were not the actual expenses charged by the bank. The difference between the reported and verified amounts for this expense, petitioner contends, was grossly overstated and, as such, should be rejected as a direct selling expense.

Robobond contends that the actual difference between the reported and verified amounts was insignificant when compared to the total value of home market POI sales. Robobond argues the difference cannot be characterized as an ''extreme overstatement'' of the expense. Therefore, the Department should reject petitioner's arguments.

*DOC Position*

As stated in the verification report, the returned check fees reported by Robobond were not the actual amounts charged by the bank for returned checks. However, the Department was able to verify the actual returned check fees charged to Robobond. We agree with Robobond that the difference between what was reported and what was verified is negligible in proportion to the home market sales database and does not warrant the use of facts otherwise available. We have therefore corrected this field in Robobond's database to reflect the verified amounts of returned check fees.

Freight Revenue (credit notes clearing customer accounts that were incorrectly billed for freight)

Petitioner asserts that verification revealed Robobond over-credited certain customers for freight, thereby improperly inflating the adjustment to normal value. Therefore, petitioner argues the Department should reject freight revenue as a direct selling expense.

Robobond contends that it reported the amount actually credited to the customer's account when the freight charges were removed. Therefore, Robobond argues that it appropriately reported the actual credits incurred and the Department should adjust the normal value accordingly.

*DOC Position*

We agree with petitioner, in part. At verification, it was revealed that, due to the nature of the expense, the freight credit should not exceed the amount reported for freight revenue. Where this situation occurred in Robobond's database, we find that Robobond did not act to the best of its ability to comply with the Department's request for information. Therefore, pursuant to section 776(b) of the Act, we have used, as the facts available, zero in this expense field. However, the remaining freight revenue was verified. Accordingly, this error does not warrant rejecting the entire expense.

Shortage Credits

Petitioner cites Robobond's submissions stating that there were no referenced invoices on the face of the credit notes issued by Robobond for shortages. Petitioner argues that verification found this statement to be false and, as such, the Department should reject this adjustment as a direct selling expense.

Robobond contends that the allocation methodology is correct, in that Robobond believed that these credit notes incorrectly identified the applicable invoice. Therefore, allocating the credit notes on a customer-specific basis, Robobond contends, is an acceptable methodology.

*DOC Position*

Verification revealed that the shortage credit notes could be accurately tied to specific invoices. Therefore, we have allocated the credit notes to the applicable invoices.

Return Freight Charges (freight charges for merchandise returned to Robobond)

Robobond asserts that it adequately tied certain returned freight charges (DIRSEL7B) to the appropriate customer. Regarding the remaining returned freight charges (DIRSEL7A), Robobond contends that the freight company did not provide sufficient documentation to link the freight charges to a specific customer. Therefore, the charges were allocated over total sales during the POI. Robobond argues that the methodology used is legitimate and the adjustments should be accepted as direct selling expenses for the final determination.

Petitioners argue that because the returned freight charges listed in DIRSEL7A could not be tied to sales within the POI, the expense should be considered indirect. As for the returned freight charges listed in DIRSEL7B, Petitioners believe that the credit notes did not adequately establish that they were tied to sales within the POI and as such should be considered indirect.

*DOC Position*

We agree with petitioner in part. The antidumping questionnaire directs respondents to report those expenses which can be directly tied to a sale within the POI as direct selling expenses. Where an expense cannot be tied to a sale within the POI, the expense is considered indirect. Therefore, we treated the returned

freight charges which were not tied to a sale within the POI as indirect selling expenses for purposes of the final determination. As for the remaining returned freight expenses (i.e., those expenses tied to a specific customer) we determine that the documentation provided at verification adequately established that the expenses were tied to sales during the POI. Accordingly, we have considered these to be direct selling expenses for purposes of the final determination.

Freight Credit (credit notes issued by the freight company to Robobond)

Petitioner argues that Robobond failed to tie the credit notes issued by the freight company to specific sales during the POI. As such, petitioner contends that these expenses should be considered indirect.

*DOC Position*

We agree with petitioner in part. The antidumping questionnaire directs respondents to report those adjustments which can be directly tied to a sale within the POI as direct. Where an adjustment cannot be tied to a sale within the POI, it is considered indirect. Therefore, we treated the freight credits which were not tied to a sale within the POI (DIRSEL6A) as indirect selling expenses for purposes of the final determination. As for the remaining freight credits (DIRSEL6B), we determine that the documentation provided at verification adequately established that the revenues were tied to sales during the POI. Accordingly, we have considered these to be direct for purposes of the final determination. (See Memorandum to the File from the Framing Stock Team, September 25, 1996, for a discussion of specific freight credit notes.)

Bankruptcy Credit Notes (credit notes issued to clear the accounts of customers that went bankrupt)

Robobond contends that the Department should accept the bankruptcy credit notes reported in its database as a direct selling expense. Robobond cites *Daewoo Electronics Company Ltd.* v. *United States*, 712 F. Supp. 931, 938 (CIT 1989), *aff'd in part and rev'd in part on other grounds*, 6 F.3d 1511 (Fed. Cir. 1993), cert. Denied, 114 S. Ct. 2672 (1994) and Color Television Receivers from the Republic of Korea 61 FR 4,408, February 6, 1996) as supporting its position that these credit notes have been accepted in the past as bad debt expense which is treated as a direct selling expense.

Petitioners argue that the credit notes could not be tied to sales within the POI and, therefore, should be considered an indirect selling expense.

*DOC Position*

We agree with Robobond. The Department verified the bad debt expenses and found these expenses to be incurred with respect to sales of the subject merchandise and to specific customers which went bankrupt during the POI. Furthermore, we found no discrepancies with respect to the allocation methodology. We have therefore, accepted these expenses as direct selling expenses for purposes of the final determination.

Accounts Receivable (credit notes to clear the outstanding balance of customer's accounts)

Petitioner contends that Robobond deliberately attempted to manipulate the sales database by issuing credit notes to clear the outstanding balance of certain customers. Petitioner argues that the Department should reject the credit notes as a direct selling expense. Instead, petitioner contends, the Department should calculate the imputed credit expense on the total amount of the credit notes, for each customer, from September 1, 1994, through the present and apply that credit expense to every sale made by Robobond to the customer in question as the facts otherwise available.

Robobond disputes petitioner's interpretation as unreasonable and contends the use of the facts otherwise available is not justified because none of the criteria of Section 776(a)(2) of the Act are applicable in this situation. Finally, Robobond asserts that if the Department disagrees with the classification of these credit notes as direct selling expenses it should simply treat them as indirect.

*DOC Position*

The documentation regarding the accounts in question was thoroughly examined at verification. While we do not find evidence that the data were manipulated for the purposes of this proceeding, the credit notes in question could not be tied to specific sales during the POI. We have therefore treated this expense as indirect.

Remaining Credit Notes

Petitioner contends that the discrepancies found during the review of the randomly sampled credit notes additionally call into question the reliability and credibility of Robobond's responses. Petitioner argues that, due to the abundant discrepancies found at verification, the Department should assign to Robobond a margin based on the facts otherwise available.

Robobond argues that it correctly reported its credit notes and that the Department should disregard petitioner's claim.

*DOC Position*

We disagree with petitioner. Verification revealed minor errors with respect to two credit notes. These errors have been corrected for the final determination. As for not using total adverse facts available, see, interested party comment 1.

*Comment 10: Home Market Warranty Claims (based on credit notes)*

Robobond asserts that the questionnaire directs respondents to report warranty expenses on a product-specific basis. If this is not possible, Robobond continues, the respondent should use a broader allocation basis (*i.e.*, a customer-specific basis), not a narrower invoice-specific basis (*i.e.*, tying warranty credit notes to specific sales during the POI). Robobond cites Antifriction Bearings and Parts Thereof from Germany: Final Results of AD Administrative Review 56 FR 31692, (July 11, 1991) (''AFBs from Germany''), to support its claim that the methodology used is consistent with the Department's established practice regarding warranty expenses. Moreover, Robobond argues that it would have been impractical and unduly burdensome to report warranty expenses on an invoice-specific basis. Therefore, Robobond contends that it correctly reported its warranty expenses and the Department should adjust normal value accordingly.

Petitioner argues that Robobond was unable to produce historical warranty expense information. Additionally, not all of the warranty credit notes could be tied to sales within the POI (*i.e.*, on an invoice-specific basis). Therefore, the Department should reject Robobond's reported warranty expenses. Further, petitioner contends that AFBs from Germany does not support Robobond's argument, instead it confirms that Robobond ignored the Department's stated policy regarding warranty expenses in that the acceptance of surrogate product-specific data is acceptable only when the respondent has provided the Department with historical warranty expense data with which to measure the reasonableness of the product-specific data.

*DOC Position*

We agree with Robobond. As stated in AFBs from Germany:

With respect to warranty expense, our past practice has been to accept variable warranty expenses which were incurred during the review period as a surrogate for such expenses actually incurred on sales during the review period, provided such expenses reasonably reflect the firm's historical experience with respect to warranty expenses. We use a surrogate expense amount because warranty commitments for sales under review may not reach fruition until after the review period is over. Therefore, the Department does not require a sale-by-sale breakdown of direct warranty expenses, just a reasonable allocation of these expenses.

(AFBs from Germany, 56 FR at 31723.)

In this case, as in AFBs in Germany, we are satisfied that the accounting system of Robobond prevents reporting these expenses on a sale-by-sale basis or compiling historical data. Therefore, we have determined that the verified allocation for warranty expense is accurate, reasonable, and complete.

*Comment 11: Home Market Credit Expense*

Robobond argues that the Department should accept the verified home market short-term interest rate reported in its questionnaire response to calculate home market credit costs.

Petitioner contends that the Department should not accept the reported short-term interest rate and should instead base credit expense on the equivalent interest rate plus 1.5 per cent (*i.e.*, for U.S. sales, the U.S. prime rate plus 1.5 per cent and for home market sales, the U.K. interest rate equivalent to the U.S. prime rate plus 1.5 per cent).

*DOC Position*

We agree with Robobond. The documentation regarding the Robobond's short-term interest rate agreement was thoroughly examined at verification—no discrepancies were noted. We have therefore used the reported interest rate in our final calculations.

*Comment 12: Depreciation*

Petitioner asserts that Robobond should not be permitted to selectively change its depreciation methodology during the POI in order to lower costs. Petitioner notes that Robobond's May 31, 1995, financial statement indicates that this change in accounting methodology reduced the company's depreciation expense and POI production costs by a significant amount. According to petitioner, the change in depreciation methodology was made well after this investigation was initiated. Moreover, petitioner notes that Robobond has continued to depreciate all other categories of assets on the basis of its normal accelerated depreciation methodology and the company's parent and sister companies also continue to use an accelerated methodology on all of their assets. Expenditures for plant and machinery, the only class of assets subject to the change in depreciation methodology, increased in the fiscal year ending May 31, 1995. Robobond's change in depreciation methodology is nothing more than an after-the-fact attempt to artificially reduce production costs.

Respondent maintains that the Department should use Robobond's submitted plant and machinery depreciation expense because it accurately reflects the company's POI depreciation expense. Robobond argues that the accelerated depreciation methodology it followed in the past reflected the uncertainty of any given asset's useful life, while Robobond was developing the subject merchandise. However, with the establishment of its new facility and equipment, Robobond maintains that it has the right to adopt a depreciation methodology more representative of the assets' useful lives. Moreover, the methodology adopted by Robobond is an acceptable methodology under the generally accepted accounting principles (''GAAP'') of the UK. Robobond further argues that under section 773(f)(1)(A) the Department must calculate costs ''based on the records of the exporter or producer of the merchandise'', if those records are in accordance with the country's GAAP and reasonably reflect the costs associated with the production of the subject merchandise.

*DOC Position*

We disagree with Robobond. Section 773(f)(1)(A) of the Act states that ''[c]osts shall normally be calculated based on the records of the exporter or producer of the merchandise, if such records are kept in accordance with the generally accepted accounting principles of the exporting country (or the producing country where appropriate) and reasonably reflect the costs associated with the production and sale of the merchandise.'' Further, as explained in the SAA, ''[t]he exporter or producer will be expected to demonstrate that it has historically utilized such allocations, particularly with regard to the establishment of appropriate amortization and depreciation periods and allowances for capital expenditures and other development costs.'' SAA at 834.

In this instance, Robobond historically used an accelerated depreciation methodology in preparing its financial statements. Notwithstanding this long-established practice, Robobond has now changed to a straight-line depreciation method in its financial statements (as reflected in Robobond's May 31, 1995, statements), which were completed after the filing of the petition in this proceeding. Moreover, this change in methodology is limited solely to calculating depreciation expense for equipment; all other assets continue to be depreciated according to the historically utilized methodology. Also, Robobond's financial statements, prepared by outside auditors, do not provide any business reason for this change.

In past cases, where respondents have switched accounting methodologies following the initiation of an investigation, the Department has closely examined such modifications and has rejected those changes which do not reasonably reflect costs and which redounds to the benefit of the respondent in the proceeding. (See, *e.g.*, Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate From Brazil, 58 FR 37091 (July 9, 1993); Amended Order and Final Determination of Sales at Less Than Fair Value: Ferrosilicon From Venezuela, 60 FR 64018 (December 13, 1995).)

Where changes in historically-utilized company practice are made contemporaneous to the investigation, the burden plainly is on the respondent to show that the change was made for business reasons other than the AD proceeding and that the new methodology reasonably reflects the company's costs of producing subject merchandise. In such circumstances, the fact that a changed methodology is permissible under GAAP will not automatically justify the change if there is no legitimate business reason.

Robobond asserts that the change in depreciation methodology was due to the opening of a new production facility at the beginning of the fiscal year. However, the company's records and other record information do not provide evidence in support of this assertion. As to Robobond's assertion that the change in methodology was in accordance with the UK's GAAP, Robobond has presented no information in support of its arguments that the straight-line depreciation methodology more reasonably reflects costs than its historically-used accelerated methodology, which also is in accordance with UK's GAAP. With

regard to Robobond's comments on useful life, we note that both methods use the same estimate of useful life; however, the accelerated method allocates more of the expense in the early years. Additionally, the notes to Robobond's May 31, 1995, financial statements state that the change in depreciation methodologies reduces the depreciation expense relative to the expense calculated according to the historically-utilized methodology.

In sum, in light of the evidence of record, we find that Robobond has not met its burden on this issue. The record evidence does not reflect that this methodological change was done for business reasons. Although Robobond provided post-hoc rationalizations for the change, it did not provide record evidence from a time period prior to the initiation of the investigation to show that the change was made for business reasons. Additionally, the SAA indicates that the exporter will be expected to demonstrate that it has historically utilized such accounting practices. Robobond has not historically used the straight-line method of depreciation in its accounting records. Further, Robobond did not consistently apply this change in methodology to all of its asset categories.

For purposes of the final determination, we therefore are adjusting Robobond's reported depreciation expense to reflect depreciation calculated according to its historically-utilized method.

*Comment 13: G&A Expense*

Petitioner contends that there is ample evidence on the record that the various companies owned by the Simons family are related for purposes of this dumping investigation. According to petitioner, in such situations, the Department normally combines the G&A expense of all related companies and then allocates the aggregate total across the consolidated cost of sales of those companies. In addition, petitioner notes that Robobond submitted for the record on June 6, 1996, the D&J Simons and Sons, Ltd. financial statements for the fiscal year ending October 31, 1995. The end of D&J Simons & Sons' 1995 fiscal year extends approximately seven weeks beyond the initiation of this investigation. The Department normally derives G&A and financial expense ratios from data contained in the financial statements for the fiscal year that most closely corresponds with the POI. However, petitioner argues that these financial statements cannot be used because Robobond has manipulated the information contained in them. Specifically, petitioner notes that the historical amounts paid for compensation decreased significantly in the October 31, 1995, financial statements. Furthermore, it appears that some compensation was purposefully shifted to dividends rather than normal methods in order to further reduce period costs.

Robobond counters that the Department should use Robobond's submitted G&A expense because they accurately represent the POI expense associated with the subject merchandise. Robobond maintains that its reported G&A expense included its own expense, as well as, those G&A expenses incurred by affiliates on its behalf. Additionally, Robobond notes that the Department verified that Robobond identified all G&A expenses incurred by affiliates on the company's behalf. According to Robobond, the fact that its affiliates neither produce nor sell the subject merchandise defeats any presumption that the remaining G&A expenses incurred by the affiliates are incurred on behalf of Robobond.

*DOC Position*

We agree with respondent in part. Verification showed no evidence to indicate that Robobond misreported its G&A expenses for itself or any of its affiliates.

While petitioner is correct in observing that directors' compensation as reported was significantly lower in Robobond's October 31, 1995, financial statement than in previous years, it appears that Robobond reallocated the difference in directors' compensation to its pension fund, which is captured along with directors' salaries in Robobond's reported G&A. Additionally, dividends were issued to Robobond's shareholders as another portion of the directors' compensation package.

Additionally, where a manager/owner in a closely-held company could potentially reallocate costs through the issuance of dividends in lieu of directors' salaries, we reviewed the Robobond's past practices on issuing dividends and found that Robobond has never issued dividends in prior years. This change in policy reallocates directors' compensation to dividends. Further, this change in policy on issuing dividends occurred following the initiation of this investigation. For purposes of the final determination, we have adjusted Robobond's reported G&A figure to include dividends.

*Comment 14: Building Depreciation*

To avoid double counting for the same type of expense, Robobond contends that the Department should include in COP and CV only building maintenance and not building depreciation. Robobond notes that, under UK accounting principles, a company may not report depreciation on a freehold building (*i.e.*, an estate held in fee) if it elects to maintain the building in a manner that preserves or extends its useful life and to record, as current expense, the cost of maintaining the buildings. Accordingly, Robobond requests that the Department include only building maintenance expense in calculating Robobond's COP because: (1) Building maintenance expenses are recorded in Robobond's normal cost accounting records, and (2) Robobond does not record building depreciation in its normal course of business.

*DOC Position*

As noted in the previous comment concerning depreciation, Section 773(f)(1)(A) of the Act directs the Department to calculate COP based on the company's records if those records are in accordance with the country's accepted practice and reasonably reflect the costs associated with the production of the subject merchandise. While the UK accounting principles do not require companies to depreciate buildings, U.S. accounting principles require building depreciation as a means of cost allocation. Under UK GAAP the cost of the building is never recognized as an expense, however, U.S. GAAP recognizes both the cost of the building and the maintenance as expenses, in order to properly match the expenses to revenues. Routine building maintenance expense, therefore, does not capture associated building depreciation. In this instance, we find that the accounting principles of the UK do not reasonably reflect the costs associated with the production of the subject merchandise. For the final determination, we have included building maintenance expenses and building depreciation expense in calculating Robobond's COP.

Ecoframe

*Comment 15: Start-Up Costs*

Petitioner argues that the Department should not make a startup adjustment to Ecoframe's cost of production. Petitioner contends that Ecoframe failed to provide sufficient evidence that it meets the criteria under Section 773(f)(1)(C)(ii) of the Act. Specifically, petitioner argues that Ecoframe failed to establish that it was still in the start-up phase during the POI and that production levels were limited by technical factors associated with the initial phase of commercial production.

Petitioners argue that the POI in this case starts nine months after Ecoframe commenced production of framing stock and was therefore well into full operation during the POI.

Petitioner argues that the yield loss information provided by Ecoframe is not evidence of technical factors associated with the initial phase of commercial production. Further petitioner's own analysis indicates that these yield losses are a normal part of routine production, and are most probably indicative of the degree of ornateness of the profiles produced. The more ornate the profile the higher the yield loss. Finally, petitioner argues that respondent must demonstrate that production levels were limited by technical factors associated with the initial phase of commercial production and not by factors unrelated to start-up such as chronic production problems, demand, or business cycle.

Ecoframe argues that it provided sufficient information to warrant a startup adjustment to the cost of production. Specifically, Ecoframe points to the fact that the plant had been operational for less than two years by the end of the POI and at that time even the major U.K. manufacturer of framing stock was still producing substandard moulding. Ecoframe also contends that numerous technical factors were limiting initial production during the POI. Therefore, the Department should make a startup adjustment to Ecoframe's cost of production.

*DOC Position*

We agree with petitioners. According to section 773(f)(1)(C)(ii) of the Act adjustments ''shall be made for startup operations only where—

(I) a producer is using new production facilities or producing a new product that requires substantial additional investment, and

(II) production levels are limited by technical factors associated with the initial phase of commercial production.

For purposes of subclause (II), the initial phase of commercial production ends at the end of the startup period. In determining whether commercial production levels have been achieved, the administering authority shall consider factors unrelated to startup operations that might affect the volume of production processed, such as demand, seasonality, or business cycles.''

The SAA also states ''any determination of the appropriate startup period involves a fact-intensive inquiry.'' This includes a consideration of ''factors unrelated to startup operations that may have affected the volume of production processed, such as demand, seasonality, or business cycles.'' The SAA further states that the ''start-up [period] will be considered to end at the time the level of commercial production characteristic of the merchandise, producer, or industry concerned is achieved. The attainment of peak production levels will not be the standard for identifying the end of the start-up period, because the start-up period may end well be for a company achieves optimum capacity utilization.'' SAA at 836 (emphasis added). Moreover, ''[t]o determine when a company reaches commercial production levels, Commerce will consider first the actual production experience of the merchandise in question.'' SAA at 836.

In this case, although Ecoframe was using new production facilities and techniques, the Department does not have sufficient information on the record to determine when the start-up period ended and the commercial production period began. Specifically, Ecoframe did not submit a production level analysis demonstrating that it had not yet reached full commercial production levels. Such an analysis would include information distinguishing the production levels, the product cost levels, and the prices during the start-up phase and the commercial phase. Furthermore, the analysis would have to address ''factors unrelated to start-up operations that may have affected the volume of production processed, such as demand, seasonality, or business cycles.'' SAA at 837.

Ecoframe only provided information that its yield losses decreased dramatically in March 1996. The start-up adjustment is not intended to adjust for high yield losses experienced by respondent, but rather it is intended to state product costs at amounts realized when commercial production levels are reached. Yield losses are only one factor that would have to be considered in such an analysis. In this regard, the SAA states that ''Commerce will not extend the start-up period so as to cover improvements and cost reductions that may occur over the entire life cycle of a product.'' This suggests that improvements in product yields over time do not constitute ''start-up costs.'' SAA at 836.

In sum, we reject Ecoframe's claim for a start-up adjustment because it did not demonstrate the existence of a start-up phase that warrants such treatment under section 773(f)(1)(C)(ii) of the Act.

*Comment 16: Quantity Adjustment*

Ecoframe stated that all its products are custom products and as such are made to order. Because everything is made to order, Ecoframe contends, numerous factors reduce the unit cost of the product as the order size increases. Therefore, in order to make an accurate comparison the Department must match at comparable quantities. Where a match at comparable quantities is not possible, an adjustment should be made to account for the price differences based on order size.

Petitioner contends that Ecoframe's request is untimely and unsupported by evidence on the record. Specifically, petitioner cites 19 CFR 353.55(b) which states that the calculation of normal value based on sales with quantity discounts will occur if:

(1) During the period examined or during a more representative period, the producer or reseller granted quantity discounts of at least the same magnitude on 20 percent or more of sales of such or similar merchandise for the relevant country; or

(2) The producer or reseller demonstrates to the Secretary's satisfaction that the discounts reflect saving specifically attributable to the production of different quantities.

Petitioner argues that Ecoframe's responses fail to demonstrate a clear and direct correlation between price differences and quantities sold or costs incurred.

*DOC Position*

We agree with Ecoframe in part. Information on the record demonstrates that the prices between the different quantity bands were sufficiently varied to warrant comparisons at comparable quantity bands, where possible as outlined in Ecoframe's September 5, 1996, submission (*see* ''Fair Value Comparisons'' section of this notice). Ecoframe, however, did not provide sufficient information to warrant a quantity adjustment where a comparison sale at a comparable quantity was not available.

*Comment 17: Credit Expense Calculation*

Ecoframe asserts that the method for verifying the reported rate used for calculating the home market credit expense is highly inaccurate. Because the bank calculates the interest on a daily basis, the balance changes daily and, therefore, the interest expense charged may be above or below the average interest rate. According to Ecoframe, a more appropriate way to check Ecoframe's interest expense is to compare it with Ecoframe's agreement with the bank, which notes the interest rate given to Ecoframe.

*DOC Position*

For checking the reported interest rate used for figuring credit expense for home market sales, we calculated the short-term interest for the POI based on

the quarterly interest expense and outstanding balances which resulted in an actual interest rate of approximately two percentage points higher than the interest rate reported by Ecoframe. It is important to note that Ecoframe's interest rate agreement with its UK bank was never submitted to the Department prior to verification or presented at verification for review. For purposes of the final determination, we are calculating credit expense for home market sales based on the quarterly interest expense and outstanding balances examined at verification.

Suspension of Liquidation

In accordance with section 735(c) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after May 13, 1996, the date of publication of our preliminary determination in the Federal Register. Because Robobond received a *de minimis* final dumping margin, entries of subject merchandise from Robobond are excluded from these instructions. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated in the chart below. This suspension of liquidation will remain in effect until further notice.

| Exporter/manufacturer | Weighted-average margin percentage |
|---|---|
| Ecoframe | 20.01 |
| Robobond/Simons | de minimis |
| Magnolia | 84.82 |
| All Others | 20.01 |

Pursuant to section 733(d)(1)(A) and section 735(c)(5) of the Act, the Department has not included zero and *de minimis* weighted-average dumping margins and margins determined entirely under section 776 of the Act, from the calculation of the ''all others'' deposit rate.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury, or threat of material injury, does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to section 735(d) of the Act.

Dated: September 25, 1996.

Robert S. LaRussa,

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 96–25242 Filed 10–1–96; 8:45 am]

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**[A–428–810]**

## High-Tenacity Rayon Filament Yarn From Germany; 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 3, 1996, the Department of Commerce (the Department) published the preliminary results of administrative review of the antidumping duty order on high-tenacity rayon filament yarn from Germany. The review covers one manufacturer/exporter of the subject merchandise to the United States for the period of review (POR) covering June 1, 1994 through May 31, 1995.

We gave interested parties an opportunity to comment on our preliminary results. Based on our analysis of the comments and rebuttal comments received from Akzo Nobel Faser AG, Akzo Nobel Industrial Fibers Inc., and Akzo Nobel Fibers Inc. (collectively ''Akzo'') (the respondent), and the North American Rayon Corporation (the petitioner), we have corrected certain clerical errors in the margin calculations. The final weighted-average dumping margin for the reviewed firm is listed below in the section entitled ''Final Results of Review.''

**EFFECTIVE DATE:** October 2, 1996.

**FOR FURTHER INFORMATION CONTACT:** Matthew Blaskovich or Zev Primor, AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–5831/4114.

**SUPPLEMENTARY INFORMATION:**

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

Background

On July 3, 1996, the Department published the preliminary results of administrative review of the antidumping duty order on high-tenacity rayon filament yarn from Germany (61 FR 34792). The Department has now conducted this review in accordance with section 751 of the Act.

Scope of the Review

The product covered by this administrative review is high-tenacity rayon filament yarn from Germany. During the review period, such merchandise was classifiable under Harmonized Tariff Schedule (HTS) item number 5403.10.30.40. High-tenacity rayon filament yarn is a multifilament single yarn of viscose rayon with a twist of five turns or more per meter, having a denier of 1100 or greater, and a tenacity greater than 35 centinewtons per tex. The HTS item numbers are provided for convenience and Customs purposes. The written description remains dispositive as to the scope of the product coverage. This review covers one manufacturer/exporter of the subject merchandise and the period June 1, 1994, through May 31, 1995.

Analysis of Comments Received

*Comment #1:* Respondent contends that the antidumping duty order should be revoked upon completion of the instant review. Respondent states that the URAA changed the *de minimis* standard to two percent. Arguing that the URAA affects all reviews requested after January 1, 1995, respondent maintains that it is now eligible for revocation, since it received margins of less than two percent for each of the last three review periods. Respondent also emphasizes that it filed the requisite certification pursuant to 19 CFR 353.25(b).

Respondent contends that the Agreement on Implementation of Article VI of the General Agreement on Tariffs