words ''Mexico, or Canada'' are replaced with ''or in any eligible country''. The United States Trade Representative (USTR) determines what countries are ''eligible''. As amended, the provision directs the Secretary of Agriculture, for the Rural Utilities Service (RUS), (previously the Rural Electrification Administration) to require that, to the extent practicable and the cost not unreasonable, a borrower use funds lent under the RE Act only for such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States or eligible country and only such manufactured articles, materials, and supplies as have been manufactured in the United States or an eligible country substantially all from articles, materials or supplies mined, produced, or manufactured, as the case may be, in the United States or an eligible country.

This action is intended to provide borrowers receiving loans made by the Rural Telephone Bank (RTB) or loans made or guaranteed by RUS, as well as material and equipment manufacturers and the public, with information for compliance with the amended RE Act ''Buy American'' provision.

FOR FURTHER INFORMATION CONTACT: For electric program matters: George Bagnall, Director, Electric Staff Division, RUS, U.S. Department of Agriculture, STOP 1569, 1400 Independence Ave., SW., Washington, DC 20250–1569. Telephone number (202) 720–1900, fax (202) 720–7491.

For telecommunications program matters: Orren E. Cameron, III, Director, Telecommunications Standards Division, RUS, U.S. Department of Agriculture, STOP 1598, 1400 Independence Ave., SW., Washington, DC 20250–1598. Telephone number (202) 720–8663, fax (202) 720–4099.

SUPPLEMENTARY INFORMATION: Section 342(g) of the Uruguay Round Agreements Act, amended the RE Act ''Buy American'' provision by replacing the words ''Mexico, or Canada'' with ''or in any eligible country'' and by authorizing the United States Trade Representative (USTR) to determine what countries are eligible. The ''Buy American'' provision now reads:

''In making loans pursuant to * * * the Rural Electrification Act of 1936 * * * the Secretary of Agriculture shall require that, to the extent practicable and the cost of which is not unreasonable, the borrower agree to use in connection with the expenditure of such funds only such unmanufactured articles, materials and supplies, as have been mined or produced in the United States or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country, substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States or in any eligible country. For purposes of this section, an 'eligible country' is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that country, as determined by the United States Trade Representative.''

The RUS ''Buy American'' provision applies to any loan made by the RTB or made or guaranteed by the RUS. Whether a particular product is domestic or non-domestic for purposes of the RE Act ''Buy American'' provision depends upon such factors as the country of origin of the product and its component parts and whether the product is purchased by an electric borrower or a telecommunications borrower.

The eligibility status of Canada and Mexico has not changed. Products produced in Canada or Mexico substantially consisting of components produced in Canada, Mexico, or the United States and purchased with RTB or RUS electric or telephone loan funds are treated as United States domestic products.

At this time the USTR has determined that only Canada and Mexico are eligible countries for purchases made by telecommunications borrowers. Therefore, products produced in countries other than the United States, Canada, or Mexico and purchased by RUS telecommunications borrowers are not treated as domestic products for purposes of the RE Act ''Buy American'' provision. The amendment makes no change in the treatment of these purchases unless and until the USTR determines additional ''eligible countries'' for telecommunications borrowers.

At this time, the USTR has determined that the following countries have agreements ensuring reciprocal access regarding products used by electric borrowers, and are therefore ''eligible countries'' for purchases made by electric borrowers:

Austria
Belgium
Denmark
Finland
France
Germany
Greece
Ireland
Israel
Italy
Japan
Korea
Luxembourg
The Netherlands
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
United Kingdom

Products from an eligible country consisting substantially of components produced in the United States or any eligible country and purchased by RUS electric borrowers with RUS loan funds will be considered to be domestic products for purposes of the RE Act ''Buy American'' provision.

The USTR may at any time declare one or more additional countries to be ''eligible countries'' for either electric or telecommunications borrowers. The Chair of Technical Standards Committee ''A'' (Electric) will be the point of contact for RUS with respect to USTR determinations of eligible countries. Each RUS borrower is responsible for assuring that its procurement complies with the requirements of the RE Act ''Buy American'' provision.

RUS is making technical revisions to its existing forms of loan contracts and loan contract amendments to conform them to the RE Act ''Buy American'' provision as amended. In addition, RUS will make similar technical revisions to its standard forms of contracts providing for the purchase of materials and equipment and for ''furnish and install'' type construction. Until these forms are revised, the borrower should make the appropriate changes in its contract forms.

Dated: February 5, 1997.

Wally Beyer,

Administrator, Rural Utilities Service, and Governor, Rural Telephone Bank.

[FR Doc. 97–3794 Filed 2–14–97; 8:45 am]

BILLING CODE 3410–15–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–427–811]

Certain Stainless Steel Wire Rods From France: Final Results of Antidumping Duty Administrative Review

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

SUMMARY: On October 10, 1996, the Department of Commerce (the Department) published the preliminary results of the second administrative review of the antidumping duty order on certain stainless steel wire rods from France. This review covers Imphy S.A., and Ugine-Savoie, two manufacturers/exporters of the subject merchandise to the United States. The period of review (POR) is January 1, 1995, through December 31, 1995. We gave interested parties an opportunity to comment on our preliminary results. Based on our analysis of the comments received, we have changed the results from those presented in the preliminary results of review.

EFFECTIVE DATE: February 18, 1997.

FOR FURTHER INFORMATION CONTACT: Stephen Jacques, AD/CVD Enforcement Group III, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone: (202) 482–3434.

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 October 10, 1996, the Department published in the Federal Register the preliminary results of the second administrative review of the antidumping duty order on certain stainless steel wire rods from France (61 FR 53199, October 10, 1996). The Department has now completed this administrative review in accordance with section 751 of the Act.

Scope of the Review

The products covered by this administrative review are certain stainless steel wire rods (SSWR), products which are hot-rolled or hot-rolled annealed, and/or pickled rounds, squares, octagons, hexagons, or other shapes, in coils. SSWR are made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are only manufactured by hot-rolling, are normally sold in coiled form, and are of solid cross section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed, and pickled. The most common size is 5.5 millimeters in diameter.

The SSWR subject to this review is currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0020, 7221.00.0030, 7221.00.0040, 7221.00.0045, 7221.00.0060, 7221.00.0075, and 7221.00.0080 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope of the order is dispositive.

Verification

As provided in section 782(i) of the Act, we verified information provided by the respondent by using standard verification procedures, including onsite inspection of the manufacturer's facilities, the examination of relevant sales and financial records, and selection of original documentation containing relevant information. Our verification results are outlined in the public versions of the verification reports.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received comments and rebuttal comments from Imphy S.A. and Ugine-Savoie, manufacturers/exporters of the subject merchandise (respondents), and from Al Tech Specialty Steel Corp., Armco Stainless & Alloy Products, Carpenter Technology Corp., Republic Engineered Steels, Talley Metals Technology, Inc., and United Steelworkers of America, AFL-CIO/CLC (petitioners).

Comment 1: Respondents argue that the Department incorrectly set the payment date for every U.S. sale to the projected final results date instead of only those sales with unreported payment dates.

Petitioners contend that respondents' assertion that the Department incorrectly set the payment dates for all U.S. sales is wrong. Petitioners argue that the Department's computer program correctly used the projected date of the final results for only those U.S. sales with unreported payment dates and that the Department should reject respondents' proposed computer code correction.

Petitioners further note that the sample computer printout from the Department's preliminary margin calculations indicates that the date of payment for all ten sample sales remained the same after the execution of the programming language that established a payment date for those sales with unreported payment dates. Petitioners assert that a review of the Department's sample sales in the preliminary results demonstrates that the Department did not reset the payment date and therefore there is no need for the Department to revise the computer code as recommended by respondents.

Department's Position: We agree with petitioners. In the preliminary results, the computer program correctly set the date of payment to the projected final results date only for those sales with unreported payment dates. Therefore, for the final results, we have made no changes to the computer program.

Comment 2: Respondents allege that the Department's formula to calculate U.S. credit expense for unpaid sales had two errors. First, respondents contend that the formula used an unadjusted gross unit price instead of being based on the gross unit price less discounts and billing adjustments plus freight revenue. Second, respondents assert that the Department used the home market interest rate rather than the appropriate U.S. short-term rate.

Petitioners agree with respondents that modifications of the computer program are necessary to adjust gross price and to use the correct rate of interest in the credit calculation.

Department's Position: We agree and have corrected the calculation of credit expenses for the final results.

Comment 3: Respondents contend that the price paid by Imphy to an affiliated supplier for remelting services is an arm's-length price and should not have been adjusted by the Department. Respondents assert that the price Imphy paid for subcontracted remelting services is a negotiated, arm's-length price based on the affiliate's budgeted cost for the remelting services that included both fixed and variable costs. Respondents argue that this subcontracting arrangement is fair and benefits both Imphy and the affiliated party. In support of their position, respondents state that the arrangement allowed the affiliated party to make use of its excess remelting capacity, and thus to lower its overall cost of operations. Respondents also assert that the arrangement benefits Imphy which has the ability to efficiently produce products requiring the remelting process.

Respondents note that the Department disregarded the actual price charged by the affiliated party on the ground that the price did not reflect variances from

budgeted costs or SG&A expenses. However, respondents assert that variances can go in either direction and do not affect the arm's-length nature of the price. In addition, respondents claim that arm's-length prices do not necessarily have to be at or above cost of production for purposes of section 773(f)(2). Consequently, respondents assert that there is no justification for the Department having adjusted the price. Also, respondents contend that the remelting services did not represent a ''major input'' for which cost information is pertinent pursuant to section 773(f)(3). Accordingly, respondents argue that the Department should retract its adjustment to the price Imphy paid the affiliated party and, instead, utilize the verified, actual price paid for such services in computing cost of manufacture.

Petitioners disagree with respondents and contend that respondents'' arguments are similar to those submitted by a respondent in a *Bearings* review that were rejected by the Department. *See Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Finding: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan*, 61 FR 57629, 57643–4 (November 7, 1996)(*Bearings*).

Petitioners contend that there is no statutory requirement that the remelting cost be a ''major input'' to the production of subject merchandise for the Department to disregard a transfer price between affiliated parties that is below cost. Petitioners note that section 773(f)(2) of the amended statute gives the Department authority to disregard ''any element of value'' in transactions between affiliated parties that does not reflect the market value of the merchandise.

Petitioners note that Imphy had no remelter other than its affiliated supplier to use as a basis for establishing market value. Accordingly, the Department examined the cost of the remelting rather than the transfer price. Petitioners contend that the Department's practice in this regard was in accordance with Section 773(f)(2) and consistent with the past practice in the *Bearings* review.

Petitioners also disagree with respondents'' contention that cost variances can go in either direction and do not affect the arm's-length nature of the price. Petitioners argue that Imphy had relied on estimated costs that understated actual costs. Consequently, petitioners assert that the addition of the cost variances permitted the Department to account for all costs incurred.

Department's Position: We agree with petitioners. Pursuant to section 773(f)(2), the Department, in general, determines whether the affiliated party prices were below normal market value. We do not use transfer prices between related companies if such prices do not fairly reflect the amount usually reflected in the sales of the merchandise under consideration.

As we discussed in the *Bearings* case, related party parts or inputs do not need to be a ''major input'' for the Department to examine whether they are obtained at a transfer price which reflects their normal market value. Two separate sections of the Act allow the Department to disregard transfer prices for transactions between affiliated parties: section 773(f)(2) allows us to disregard such transactions if the transfer prices for ''any element of value'' do not reflect their normal market value and section 773(f)(3) allows the Department to disregard such transactions if the transfer prices for ''major inputs'' are below their cost of production.

In this review, the affiliated party did not sell remelting services to unaffiliated customers, nor did Imphy purchase remelting services from any unaffiliated party during the POR. Consequently, there were no arm's-length prices to serve as a basis of comparison. In such situations, ''Commerce generally use[s] the cost of the components as representative of the value reflected in the market under consideration.'' (See *Bearings*, 61 FR at 57644; and *NSK Ltd. v. United States*, 910 F. Supp. 663, 669 (CIT 1995)). Therefore, in accordance with our standard practice, we have based the value of the remelting services on cost, including variances and SG&A, for the final results.

Comment 4: Respondents allege that the Department improperly overstated the adjustment to cost of manufacture for products involving remelting services. Respondents note that in its preliminary results, the Department stated that it intended to increase the cost of manufacture for remelting services to include the sum of the affiliated party's cost variance, activity variance and SG&A that was not included in the price that Imphy paid to the affiliated party. Respondents contend that the Department adjusted the total cost of manufacture for those Imphy products utilizing the remelting services, instead of adjusting only the manufacturing cost. Respondents argue that the Department incorrectly increased all of the materials, labor and overhead costs for the product, rather than adjusting the cost attributable to the remelting services obtained from the related party. Respondents argue that the Department should correct its calculation error by applying an adjustment factor.

Petitioners agree with respondents that the Department overstated the adjustment to cost of manufacture for remelting services.

Department's Position: We agree with respondents and petitioners. We have applied the adjustment factor for remelting cost variances and SG&A to the cost of remelting only and not to the total cost of manufacture.

Comment 5: Respondents allege that the Department should have made a circumstance-of-sale adjustment to constructed value (CV) for home market credit expense. Respondents contend that the Department should recognize the propriety of subtracting home market credit expense from CV as a circumstance-of-sale (COS) adjustment, as the Department has previously done (citing *Notice of Final Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, From Japan*, 61 FR 38139, 38147 (July 23, 1996) (*Newspaper Printing Presses*)).

Respondents argue that the Department's general methodology regarding the determination of normal value and COS adjustments recognizes that home market price covers all costs and expenses, including the imputed home market credit expense. Respondents assert that imputed credit expenses are likewise included in determining CV and an adjustment should be made. Respondents contend that the profit included in the CV calculation represents the difference between the home market prices and production and SG&A expenses included in CV. They assert that since home market credit expense is included in home market price, it is imbedded in the calculated CV through a combination of the interest expense and home market profit. Therefore, respondents argue that to ensure an apples-to-apples comparison, the Department must subtract home market credit expense from CV as a COS adjustment.

Petitioners note that respondents' arguments concerning a COS adjustment to CV for imputed home market credit expense were rejected by the Department in the amended final results of the first administrative review (*See Amended Final Results of Certain Stainless Steel Wire Rods from France,*

61 FR 58523, 58524 (November 15, 1996)).

Petitioners note further that in its amended final, the Department cited *Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy,* 61 FR 30326, 30361 (June 14, 1996) which states that the Department is required to calculate selling, general and administrative costs, including interest expenses, based upon the actual experience of the company. Petitioners assert that because the interest expense for CV now reflects actual amounts incurred and not imputed credit expense, a COS adjustment for home market imputed credit is inappropriate. Petitioners contend that in *Newspaper Printing Presses,* the Department also stated that it can only account for actual credit expenses in CV and that ''imputed credit is, by its nature, not an actual expense.''

Petitioners also disagree with respondents' arguments that imputed credit expenses are ''imbedded in the calculated CV'' and therefore subject to adjustment. Petitioners assert that this analysis is not valid, as it attempts to equate the expenses incurred in production of the product with the final price of the product by assuming the profit component necessarily reflects opportunity costs. Petitioners contend that respondents' argument would result in the assumption that any component that did not reflect an actual cost is somehow imbedded in the profit figure and, hence, require a COS adjustment. Petitioners argue that such a result would be inconsistent with the express statutory language limiting expenses included in CV to ''actual'' expenses (*See* 19 U.S.C. 1677b(e)).

Department's Position: We agree with respondents. As we stated in *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, Germany, Italy et al.; Final Results of Antidumping Duty Administrative Reviews,* 62 FR 2081, 2119 (January 15, 1997), consistent with section 773(a)(8) of the Act, an adjustment to NV is appropriate when CV is the basis for NV. The Department uses imputed credit expenses to measure the effect of specific respondent selling practices in the United States and the comparison market. Therefore, for these final results, we have deducted imputed credit expenses as a COS adjustment from CV in the calculation of NV. To the extent that the amended final of *Wire Rod from France* (*See,* 61 FR 58523, 58524 (November 15, 1996)) describes the Department's methodology differently, it was in error.

Comment 6: Respondents contend that the Department's product concordance inadvertently matched to CV those U.S. sales that had a entry date outside the POR. Respondents request the Department modify the model match program to correct this error.

Petitioners agree with respondents and contend the error should be corrected for the final results.

Department's Position: We agree and have corrected the error for the final results.

Comment 7: Respondents contend that the Department should clarify language regarding its duty assessment methodology. They assert that the methodology stated in the preliminary results is consistent with the assessment methodology set forth in the Department's proposed regulations and preamble, as well with the duty assessment methodology stated in *Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Finding: Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan,* 61 FR 57629, 57649 (November 7, 1996); however, respondents claim that the language in the Department's preliminary results is unclear.

Petitioners contend that the Department's assessment methodology must ensure that the full amount of dumping duties is collected. Petitioners claim that the Department should follow the duty assessment language in the preliminary results of this review and assess a weighted-average *ad valorem* margin calculated by dividing the total dumping duties due by the total EP and CEP values calculated by the Department.

Department's Position: The Department will follow the duty assessment language in the preliminary results. Therefore, the Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. We have calculated an importer-specific *ad valorem* duty assessment rate based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total customs value of the sales used to calculate those duties. This rate will be assessed uniformly on all entries of that particular importer made during the POR. As noted in the preliminary results, this is equivalent to dividing the total amount of antidumping duties, which are calculated by taking the difference between statutory NV and statutory EP or CEP, by the total statutory EP or CEP value of the sales compared, and adjusting the result by the average difference between EP or CEP and customs value for all merchandise examined during the POR.

Comment 8: Respondents allege that the Department's computer program erroneously set at zero the profit for any sale with a negative profit, regardless of whether the sale passed the Department's below-cost test. They assert that pursuant to section 773(b)(1), individual sales of a particular product that are made at a loss are outside the ordinary course of trade only if 20 percent or more of the sales of that product are at prices below the cost of production. Respondents argue that unless 20 percent or more of the sales of the product were made below cost, all sales of the product, including those sold at a loss, are by definition in the ordinary course of trade. Respondents further contend that section 773(e)(2)(A) provides that the calculation of CV profit be based on the actual amount of profit realized on all sales in the ordinary course of trade of the foreign like product. They allege that by excluding the amount of the losses on certain sales in the ordinary course of trade, the Department overstated CV profit.

Department's Position: We agree with respondents that this is a ministerial error and have revised the final results in order to calculate CV profit on the actual amount of profit on all sales in the ordinary course of trade.

Comment 9: Respondents allege that in the preliminary results, the Department weight-averaged the profit percentage calculated on each individual sale, rather than calculating an aggregate profit and COP amount and then calculating the percentage. Respondents allege that this percentage methodology is a departure from the Department's customary practice and artificially inflated respondents' CV profit rate. Respondents argue that the Department has recognized that calculating the CV profit ratio by first computing a profit percentage for each home market sales transaction, and then weight-averaging the percentages by quantity, introduces serious distortion into the calculations (*see, Final Results of Antidumping Duty Administrative Review: Certain Hot-Rolled Lead and Bismuth Carbon Steel Products from the United Kingdom,* 61 FR 56514 (November 1, 1996)). Respondents request that the Department make the same correction in this review.

Department's Position: We agree with respondents. In accordance with our position outlined in *Lead and Bismuth*

Carbon Steel Products, we have revised our computer programming language for the final results.

Comment 10: Petitioners assert that the Department should revise its CEP calculation by deducting all direct and indirect selling expenses that relate to U.S. sales as required by statute (*see* 19 U.S.C. 1677a(d)(1) (1996)). Petitioners claim the statutory language is mandatory, allowing no room for discretion in agency interpretation as to which expenses may or may not be deducted.

Petitioners claim that the Department's conclusion that the URAA changed prior law with respect to the calculation of CEP is not consistent with the statute or the SAA (*see,* 19 U.S.C 1677d(1)). They argue that the Department must deduct all indirect selling expenses incurred by the foreign producer or exporter in its home country that related to U.S. sales (*see, Silver Reed America, Inc.* v. *United States,* 12 CIT 250, 683 F. Supp. 1393, 1397 (1988).

Petitioners further contend that the URAA did not limit the types of deductions to CEP from prior law, but rather provided a more precise definition without changing the calculation of export price or CEP. They note that the SAA states ''[t]he statute is intended to merely provide a more precise definition and not change the calculation of export price or constructed export price'' (*see,* SAA at 824). Petitioners contend that even if the SAA suggested a change in agency practice, it cannot override the plain statutory language requiring the deduction of all selling expenses (*see, Chevron U.S.A., Inc.* v. *National Resources Defense Council, Inc.,* 467 U.S. 837, 843 (1984)).

Petitioners argue that even if the Department determines that all indirect selling expenses relating to U.S. sales are no longer deductible from CEP, at a minimum it must deduct inventory carrying costs incurred after importation in calculating CEP, as these costs are necessarily attributable to U.S. sales. In support of their position, petitioners cite *Silver Reed* and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy,* 61 FR 30326, 30352 (June 14, 1996).

Respondents contend that petitioners have submitted the same argument concerning deduction of indirect selling expenses in the first administrative review and that the Department properly rejected their contention. They argue that there is nothing new in the law or the facts of this review that should cause the Department to reconsider its decision. Respondents assert that these indirect expenses should not be deducted from CEP as they do not represent expenses ''associated with economic activities occurring the United States'' (see, SAA at 153).

Respondents state the Department's approach in this review is consistent with its practice in other cases (*see, Calcium Aluminate Flux From France; Preliminary Results of Antidumping Duty Administrative Review,* 61 FR 40396, 40397 (August 2, 1996) and *Preliminary Results of Antidumping Duty Administrative Reviews of Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, Germany, Italy, Japan, Romania, Singapore, Thailand and the United Kingdom,* 61 FR 35713, 35716 (July 8, 1996). They also contend that the Department's decision is consistent with the *Proposed Regulations* as the commentary of the *Proposed Regulations* makes a clear distinction between expenses associated with selling to the affiliated reseller in the United States and those expenses attributable to the sale made to the affiliated reseller's unaffiliated customer. Respondents claim that the expenses at issue are clearly expenses associated with selling to the affiliated reseller in the United States and thus, are not properly deducted in the calculation of CEP.

Finally, respondents disagree with petitioners' request to deduct, at a minimum, inventory carrying costs incurred after import. Respondents assert that these expenses relate to the respondents' U.S. affiliate and not to the unaffiliated U.S. customer.

Department's Position: We disagree with petitioners. As we stated in the final results of the first administrative review of this order (*see Certain Stainless Steel Wire Rods from France: Final Results of Antidumping Duty Administrative Review,* 61 FR 47874, 47882 (September 11, 1996) (Wire Rod from France)), the Department does not deduct indirect expenses incurred in selling to the affiliated U.S. importer under section 772(d) of the Act. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy,* 61 FR 30326, 30352 (June 14, 1996). As stated clearly in the SAA, section 772(d) of the Act is intended to provide for the deduction of expenses associated with economic activities occurring in the United States. *See SAA* at 823; *see also,* GATT 1994 Antidumping Agreement, article 2.4. However, some of the respondents' indirect expenses incurred in the home market are actually associated with economic activities in the United States. Specifically, liability insurance purchased in France is associated with U.S. economic activities to the extent it covers subject merchandise while warehoused in the United States. On the other hand, some indirect selling expenses involved in this case relate solely to the sale to the affiliated importer. For example, the inventory carrying costs incurred prior to exportation relate solely to the sale to the affiliated importer. Further, unlike the situation in *Pasta from Italy,* the inventory carrying costs in the present case do not relate exclusively to the product sold to the unaffiliated purchaser in the Untied States as verified by the Department (*cf. Pasta from Italy,* 61 FR at 30352). We agree with petitioners that the inventory carrying costs incurred after import relate to respondents' economic activity in the United States and are properly deducted as indirect selling expenses.

Comment 11: Petitioners contend that the Department should begin its level-of-trade analysis with the starting price to the unaffiliated purchaser, as required by statute (*See* 19 U.S.C. 1677a(b)). Petitioners argue that comparison of an adjusted CEP to an unadjusted normal value in an apples-to-oranges comparison and is inconsistent with past agency practice (*See Porcelain-on-Steel Cooking Ware from Mexico,* 58 FR 43227, 43330 (August 16, 1993) and *AOC International, Inc.* v. *United States,* 721 F. Supp. 314, 317 (1989), *citing Smith-Corona Group* v. *United States,* 713 F.2d 1568, 1572 (Fed. Cir. 1983), *cert. denied,* 465 U.S. 1022 (1984)).

Petitioners argue that use of the starting CEP price as the basis of the level-of-trade comparison would result in a finding of no differences in levels of trade between CEP and normal value (NV) sales and, thus, no basis for a CEP offset. Thus, they contend that by defining the CEP level of trade based on an adjusted price rather than the starting price, the Department has created a level of trade for CEP sales that is different from the EP sales and the NV sales, even though in commercial reality the level of trade of all these sales is the same.

Respondents argue that petitioners challenged the Department's decision to grant a CEP offset in the first administrative review and that the Department rejected their argument. Respondents contend that the Department's decision in this review is consistent with the first administrative review as well as other reviews (*See Tapered Rolling Bearings,* 61 FR 57391, 57395; *Large Newspaper Printing Presses,* 61 FR 38139, 38143; *Aramid*

Fiber Formed of Poly Para-Phenylene Terephthalamide from the Netherlands: Preliminary Results of Antidumping Duty Administrative Review, 61 FR 15766, 15768 (April 9, 1996)). Respondents claim that there is nothing new in the law or the facts of the second administrative review to alter the Department's decision from those in the preliminary results.

Department's Position: We disagree with petitioners' contention that the Department should base the level of trade on the starting price of CEP sales. As the Department has previously discussed (*See Wire Rod from France,* and *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from France, Germany, Italy, Japan, Romania, Singapore, Thailand and the United Kingdom; Preliminary Results of Antidumping Duty Administrative Reviews,* 61 FR 35713 (July 8, 1996); *Proposed Regulations,* 61 FR at 7347), the Department believes that this position is not supported by the SAA, and that it is neither reasonable nor logical. The statute requires that comparisons between NV and EP or CEP are to be made, to the extent practicable, at the same level of trade. Section 773(a)(1)(B) of the Act.

In CEP cases, the starting price is not the basis for comparison. The comparison is based on the CEP, which is net of the CEP deductions. Thus, it is the level of trade of that comparison price (the CEP) that is relevant. If the starting price is used to determine the level of trade for CEP sales, the Department's ability to make meaningful comparisons at the same level of trade (or appropriate adjustments for differences in levels of trade) would be severely undermined in cases involving CEP sales. Using the starting price to determine the level of trade of both EP and CEP sales would result in a finding of different levels of trade for an EP and a CEP sale adjusted to a price that reflected the same selling functions. Moreover, using the adjusted CEP for establishing the level of trade is consistent with the purposes of the CEP adjustment; to determine what the sales price would have been had the transaction been an export price sale. *See Proposed Regulations* at 61 FR at 7347. Accordingly, we have followed our practice in *Wire Rod from France,* which specifies that the level of trade analyzed for EP sales is that of the starting price, and for CEP sales it is the level of trade of the price after the deduction of U.S. selling expenses and profit.

Comment 12: Petitioners assert that the Department should calculate dumping margins based on all sales made during the POR, regardless of when entries were made (before or after suspension of liquidation). Petitioners assert that this practice has been sustained by the Court of International Trade (see, *The Ad Hoc Committee of Southern California Producers of Gray Portland Cement v. United States,* 914 F. Supp. 535, 544 (1995) and *NSK Ltd.* v. *United States,* 825 F. Supp. 315, 320 (1993)). They further state that although the Department may not assess duties on CEP sales that entered prior to suspension of liquidation, the *Gray Portland Cement* case allows the Department to use those sales in the calculation of dumping margins.

Petitioners contend that the Department's preliminary decision to exclude from its analysis sales made during the POR of merchandise entered into the U.S. prior to suspension of liquidation has granted respondents a license to dump merchandise following issuance of the antidumping duty order in this case.

Petitioners argue that in the hearing of the previous review, counsel for respondents admitted that the respondents had restructured their business in an effort to avoid dumping liability. Petitioners assert that by linking sales with entries, respondents excluded a large part of the high margin sales from the dumping calculation.

Petitioners assert that there is an issue of potential price manipulation as their analysis reveals that respondents inconsistently priced CEP sales that entered the U.S. prior to suspension of liquidation when compared to POR sales. Specifically, they allege that gross unit prices differ in a number of instances for identical CEP products sold on the same day to the same customer off the same invoice. Petitioners argue that these sales from the same commercial invoice would constitute a package price to the customer. They allege that the respondents should not be permitted to avoid a finding of dumping by inconsistent pricing.

Further, petitioners state that their analysis indicates that the difference in the net prices cannot be explained by the difference in inventory carrying costs between the products.

Lastly, petitioners contend that given the evidence of differing prices on the same invoice for products sold in the POR, some of which entered both prior and after suspension of liquidation, the Department should reconsider its decision to exclude those sales that entered prior to suspension of liquidation. If the Department decides to exclude those sales, petitioners alternatively request that the Department average the two gross unit prices to determine the actual price the customer paid for the merchandise.

Respondents agree with the Department's decision to exclude merchandise proven to have entered the U.S. prior to suspension of liquidation. Respondents argue that the decision is legally correct. They further assert that the arguments raised by petitioners are identical to the arguments made in the first administrative review which the Department rejected. Respondents contend that there is no need for the Department to reconsider its decision.

Respondents also state that petitioners' allegations of inconsistent pricing and sales manipulation are devoid of substance, involve distorted analysis and ignore the verified facts. Respondents claim that petitioners' claims are flawed as they are based on three faulty assumptions: first, petitioners assume the Control Number (CONNUM) represents the product as sold in the U.S., whereas it designates the product as imported; second, petitioners are comparing different line items of an invoice and therefore comparing sales of different products; and third, petitioners performed a misleading comparison of net, rather than gross, prices.

Respondents note that the Department examined and rejected this issue in the first administrative review. Also, respondents assert that the Department examined invoices mentioned in petitioners' case brief and found no validity to petitioners' claim.

Department's Position: We agree with respondents. As we stated in *Wire Rod from France* and the preliminary results of this review, the exclusion of sales of merchandise entered prior to suspension of liquidation requires that a respondent must demonstrate, to the satisfaction of the Department, the linkage between the entry and the sale. (*See, e.g., Certain Corrosion-Resistant Carbon Steel Flat Products from Australia; Preliminary Results of Antidumping Duty Administrative Review,* 60 FR 42507 (1995) (the Department did not exclude certain sales because the respondent was unable to link the sales to specific pre-suspension entries)). This stringent requirement, coupled with the provisions on critical circumstances, eliminates any significant risk of using pre-suspension entries to manipulate or distort margins following the issuance of an order.

We disagree with petitioners' contention that linkage would encourage dumping as most producers would not have the necessary linkage information that would meet the

Department's requirements in a verification. In fact, the necessary linkage has been demonstrated in only one other case. (*See* High-Tenacity Rayon Filament Yarn, Preliminary Results of Antidumping Duty Administrative Review, 59 FR 32181 (June 22, 1994)).

We examined the issue of potential manipulation of prices and dumping margins throughout the review, including at our verifications of respondents. We found no evidence of "paired sales," where the price of the sale that entered prior to suspension of liquidation was priced lower than a simultaneous sale of the same merchandise to the same customer. After examining the issue, we found no evidence that respondents were engaged in price manipulation with sales of pre-POR entries (see Final Analysis Memorandum). In the absence of price manipulation, and for the reasons discussed in *Wire Rod from France,* we have excluded sales of merchandise which entered the United States prior to the suspension of liquidation from the dumping margin calculation.

Comment 13: Petitioners argue that the Department should treat post-sale warehousing incurred by MAC as a direct selling expense. Petitioners state that respondents admitted that MAC incurs post-sale warehousing expenses in connection with staged-delivery sales, but failed to identify these costs as direct U.S. selling expenses. Petitioners contend that it is Departmental practice to treat post-sale warehousing expenses as direct selling expenses that must be deducted from U.S. price.

Respondents argue that petitioners' position that post-sale warehousing should have been reported as a direct selling expense is incorrect. Respondents state that they correctly reported their warehousing expenses according to the Department's questionnaire instructions. Respondents contend that the warehousing expenses do not fit the Department's criteria for direct selling expenses and are properly classified as indirect selling expenses.

Department's Position: We disagree with both petitioner and respondent, since warehousing is not a selling expense, either direct or indirect. Rather it is a movement expense and deducted from the starting price under section 772(c)(2)(A), as confirmed by the Statement of Administrative Action (SAA) (see H.R. Doc. 316, Vol. 1, 103d Cong., 2d sess. (1994) at 823).

Comment 14: Petitioners contend that the Department should treat costs incurred by Techalloy with respect to this antidumping proceeding as direct U.S. selling expenses. Petitioners argue that these were actual costs for sales of subject merchandise imported during the POR and that respondents did not include these costs in the direct or indirect selling expenses or in the valued-added general and administrative expenses for products that were further manufactured by Techalloy.

Respondents argue that there is no basis for the Department to treat administrative costs connected to an administrative review as direct selling expenses. Respondents contend that it is the Department's practice to exclude expenses related to participation in an antidumping proceeding from the margin calculation, and not treat them as a selling expense (*citing, Color Television Receivers From the Republic of Korea: Final Results of Administrative Review of Antidumping Review of Antidumping Duty Order,* 58 FR 50333, 50336 (September 27, 1993); *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France: et al.: Final Results of Antidumping Duty Administrative Reviews,* 57 FR 28360, 28413 (June 24 1992); *Television Receivers, Monochrome and Color, From Japan: Final Results of Antidumping Duty Administrative Review,* 56 FR 38417, 38418 (August 13, 1991)).

Respondents also assert that the Department's practice has been upheld by the Court of International Trade (*citing Federal Mogul Corp.* v. *United States,* 813 F. Supp. 856 (Ct. Int'l Trade 1993) ("*Federal-Mogul*"); *Zenith Electronics Corp.* v. *United States,* 770 F. Supp. 648 (Ct. Int'l Trade 1991); *Daewoo Electronics Co. Ltd.* v. *United States,* 712 F. Supp. 931 (Ct. Int'l Trade 1989)).

Department's Position: We disagree with petitioners. In this review, we have followed the Department's policy from previous reviews, which the CIT sustained in *Daewoo Electronics.* We do not consider expenses incurred in connection with participating in an antidumping review to constitute expenses related to sales made during this POR. Such expenses are incurred to defend against an allegation of dumping. Accordingly, they are not expenses incurred in selling merchandise in the United States. Moreover, to deduct administrative review related expenses as selling expenses would effectively penalize respondents based on their participation in proceedings before the Department. Therefore, we have not deducted administrative review related expenses for the final results.

Comment 15: Petitioners allege that respondents failed to report U.S. inland freight from port to warehouse for certain U.S. sales.

Respondents contend that their U.S. freight expense was fully and properly reported in the questionnaire response. Furthermore, respondents argue that the Department's sales verification at Imphy confirmed the accuracy of the freight amounts and that no discrepancies were found.

Department's Position: We disagree with petitioners. We examined this issue at verification and confirmed the accuracy of the questionnaire response for freight. In addition, we found no evidence that respondents did not report freight amounts. Therefore, we have accepted the reported amounts for freight expense for the final results.

Comment 16: Petitioners contend that respondents reported erroneous amounts for freight revenues in respondents' questionnaire response. Petitioners assert that the reported sales terms are those generally applicable to the customer, rather than for the specific sale. Petitioners claim that the respondents' supplemental questionnaire response provided dubious explanations and raised serious questions as to the "special services" provided to customers and how the respondents recorded these costs. Petitioners contend that the Department should not accept respondents' reported freight revenues for the final results for two terms of sale given the serious problems associated with the reported freight revenue.

Respondents contend that there is no substance to petitioners' assertion that there are errors in respondents' reported freight revenue. Respondents assert that the sales terms that appear on the invoice and that are reported in the response are the normal sales terms for the customer because respondents' computer system only allows one sales term to be associated with a customer. Respondents note that the transactions listed by petitioners in their case brief are instances where the respondents accommodated a customer's special request to deliver merchandise using alternative transportation. Respondents contend that they bill the customer for the service and correctly reported this in the questionnaire response. Respondents also note that the Department examined this issue at verification and found no discrepancies.

Department's Position: We agree with respondents. We examined this issue at verification and found no evidence that respondents reported incorrect amounts for freight revenues. At verification, we selected and examined sales concerning

this issue that petitioner identified in their pre-verification comments to the Department. We found no discrepancies between respondents' submissions and their records. We also found no evidence to contradict respondents' claim in the supplemental questionnaire response that the terms of sale reported in the U.S. sales file are the normal sales terms for each customer and that respondents billed the customer for the cost of the alternative transportation source that was reported in the U.S. sales file as freight revenue. In addition, we agree with respondents that in cases where alternative transportation sources were used, the amount billed the customer appears as freight revenue on the U.S. sales file. Thus, for sales that used the alternative transportation, the freight revenue was greater than the expense. Consequently, we have used the reported freight revenue amounts for the final results.

Comment 17: Petitioners contend that the Department should revise its calculation of constructed value (CV) profit by excluding from the profit calculation those sales that were otherwise excluded from the Department's analysis as non-arm's length sales. Petitioners assert that the statute is mandatory in requiring the Department to calculate CV profit based on sales in the ordinary course of trade (*See* 19 U.S.C. 1677b(e)(2)(A)). Petitioners contend that transactions disregarded under section 773(f)(2) as non-arm's length sales, and transactions disregarded as below-cost, are explicitly defined as outside the ordinary course of trade (*See* 19 U.S.C. 1677(15)). Thus, they contend that section 773(e)(2)(A) prohibits the Department from using sales that are outside the ordinary course of trade in the CV profit calculation. In addition, petitioners argue that the calculation of profit is pursuant to section 773(e)(2)(A) and not section 773(e)(2)(B). They argue that in a recent determination, the Department indicated that while sales at below-cost prices might be included in the profit calculation when that calculation was undertaken pursuant to section 773(e)(2)(B) of the statute, sales that were otherwise excluded at below-cost prices could not be included in the profit calculation where section 773(e)(2)(A) of the statute applies (*See Certain Welded Carbon Steel Pipes and Tubes from Thailand: Final Results of Antidumping Duty Administrative Review,* FR 61 56515, 56518 (November 1, 1996)). Accordingly, petitioners assert that the Department should exclude non-arm's length sales in the calculation of CV profit.

Respondents agree with petitioners that the Department erroneously included sales outside the ordinary course of trade, *e.g.,* non arm's-length sales in the CV profit calculation.

Department's Position: We agree with both respondents and petitioners that we should exclude non-arm's length sales from the CV profit calculation.

Comment 18: Petitioners contend that the Department should adjust respondents' reported net interest expenses so that long-term income is not deducted from total net interest expenses. Petitioners state that it is the Department's policy to calculate net interest expenses by subtracting short-term interest income from the total of short-term and long-term interest expenses. However, petitioners allege that the net interest expenses reported by respondents and used in the preliminary results, subtracted long-term interest income from total interest expenses.

Respondents had no rebuttal to this comment.

Department's Position: We agree with petitioners. It is the Department's policy in calculating net interest expense for COP to include interest expense relating to both long-and short-term borrowings and to reduce the amount of interest expense incurred by any interest income earned on short-term investments on its working capital (*See* Department of Commerce Questionnaire of March 21, 1996 at page D–20). Respondents' net interest expense reported to the Department included a deduction for long-term interest income; therefore, for the final results, the Department added the amount of long-term interest income to respondents' net interest expense figure.

Comment 19: Petitioners contend that the Department should revise respondents' general and administrative (G&A) expenses to include expenses recorded in the financial link account. Petitioners note that in the LTFV investigation, the Department found that costs listed in respondents' financial link account had not been included in the expenses reported, even though respondents could not identify or reconcile those costs and, therefore, the Department included the costs in the calculation of interest and G&A rates (*See Final Determination of Sales at Less Than Fair Value: Certain Stainless Steel Wire Rods from France*, 58 FR 68865, 68874 (December 29, 1993)). Petitioners contend that it is the Department's policy where additional costs cannot be identified or reconciled, to include such costs in the calculation of COP and CV. Accordingly, petitioners urge the Department to revise the general and administrative expenses for Imphy and Ugine-Savoie to include the costs and expenses in the financial link account.

Respondents state that there is no evidence on the record to suggest that the account relates in any way to the subject merchandise and, therefore, there is no basis for the Department to include it in the G&A expenses. Respondents assert that they properly reported all G&A expenses and that the Department examined this issue at verification. They further contend that the ''Financial Link Account'' is a function of the consolidation process among the several hundred companies in the Usinor-Sacilor group. Thus, respondents argue that the account does not reflect an expense attributable to a particular company and therefore there are no grounds for imputing the balance in the account to respondents' cost for subject merchandise.

Department's Position: We agree with petitioners. As we did in the LTFV Final Determination, we have included the amount in the financial link account in the calculation of the general and administrative expenses. At verification, respondents stated that due to the large number of companies submitting information to the parent company, neither Usinor-Sacilor nor Imphy could segregate Imphy's costs from the costs of the other companies in the Usinor-Sacilor group that were also included in the financial link account. Since these costs could not be specifically identified or reconciled, it is possible that they relate to the subject merchandise. It is the Department's practice to include all costs relevant to the subject merchandise in the calculation of COP and CV; therefore we included these additional costs in the calculation of the G&A rates (*See Final Determination of Sales at Less Than Fair Value: Certain Stainless Steel Wire Rods from France,* 58 FR 68885, 68874 (December 29, 1993)).

Comment 20: Petitioners contend that the Department should adjust the cost of manufacture for subcontracted coating work by an affiliated party. Petitioners note that at verification, the Department found that Imphy subcontracts both remelting and coating to affiliated party suppliers. Petitioners note that the Department found that Imphy failed to report cost variances and GS&A expenses for the affiliated remelter and adjusted remelting costs accordingly. Petitioners state that given the error found in these costs, and given respondents' failure to demonstrate the arm's-length nature of the coating costs reported, the Department should assume that subcontracted coating costs are

similarly understated and adjust them accordingly for the final results.

Petitioners argue that adjustment of Imphy's coating expenses for cost variances and SG&A expenses would be consistent with law. In support of their position, petitioners cite decisions by the Court of International Trade in *NSK Ltd.* v. *United States,* 910 F. Supp. 663, 671 (1995) and *Micron Technology* v. *United States,* 893 F. Supp. 21, 37 (1995).

Respondents argue that under section 773(f)(2) the Department may examine the arm's-length nature of transactions between affiliated parties. Respondents contend that such an examination is discretionary and the statute does not require the Department to do so. Respondents assert that the coating work performed by the affiliated party did not represent a ''major input'' for which cost information is pertinent pursuant to section 773(f)(3). Respondents note that the coating amount as a percentage of the cost of goods sold is extremely small.

Respondents argue that since they provided all requested information concerning coating and because the Department did not request that respondents provide further coating information, there is no basis for the Department to adjust the price Imphy paid for the subcontracted work.

Department's Position: We agree with respondents. During the cost of production verification, the Department found that the prices that respondents paid to an affiliate for subcontracted remelting did not include the affiliated party's cost variance expenses nor the affiliated party's selling, general and administrative expenses and, for that reason, an adjustment was made to the reported remelting costs. *See* Comment 3.

However, the coating is performed by another affiliated company. Respondents reported that this affiliated party performed coating services at arm's-length prices. We examined the issue of arm's-length prices in depth at verification. At verification we found that, other than the affiliated party's prices for remelting services, all other affiliated party prices for inputs were comparable to arm's-length prices (for a more detailed discussion of this issue, please see the public version of the Cost of Production Verification Report of Imphy, S.A., October 7, 1996, at 10–15).

Comment 21: Petitioners allege that the Department's computer margin calculation program did not convert respondents' reported U.S. repacking expenses from a per-pound basis to a per kilogram basis.

Respondents did not comment on this issue.

Department's Position: We agree with petitioners and have properly converted the repacking expense for the final results.

Comment 22: Petitioners contend that the Department failed to deduct U.S. commissions in the calculation of U.S. price for respondents' CEP and CEP further manufactured (CEP/FM) sales.

Respondents agree with petitioners. However, respondents contend that petitioners' proposed solution contains three typographical errors in the variable names.

Department's Position: We agree with petitioners and will deduct U.S. commissions paid to unaffiliated selling agents for CEP and CEP/FM sales for the final results. We also agree with respondents' assertion concerning the typographical errors and we will make the necessary corrections for the final results.

Comment 23: Petitioners assert that although the Department adjusted the cost of manufacture for remelting services, the Department failed to adjust respondents' cost of manufacture (COM) for CV for the remelting services. Petitioners request that the Department revise respondents' COM for CV using the programming language used to adjust the COM for home market sales.

Respondents assert that in the event that the Department disagrees with respondents and determines that it is proper to adjust COM for products remelted by the affiliated party, they recognize that it would also be appropriate similarly to adjust the reported cost of manufacture for constructed value purposes.

Department's Position: We agree with petitioners and have revised respondents' COM for CV for the final results.

Comment 24: Petitioners note that during verification the Department found that there were two experimental heat sales in the respondents' home market sales database. Petitioners note that the experimental heat sales were incorrectly identified as secondary material in the respondents' May 21, 1996 submission. Petitioners request that the Department correct respondents' coding for these two sales for the final results.

Respondents agree with petitioners concerning the experimental heat sales. However, respondents contend that the petitioners' proposed programming change to the computer program is incorrect. Respondents request that the Department use the computer code submitted in their rebuttal brief.

Department's Position: We agree that the two sales from the experimental heat should be classified as prime material. We also agree with respondents concerning the computer code needed to correct the error and have corrected this error in our final results.

Comment 25: Petitioners assert that the Department should recalculate the G&A and interest expenses for home market COP and CV to reflect the changes the Department made to respondents' COM. They note that the Department revised respondents' COM for understating certain costs by failing to account for total remelting expenses. Therefore, they contend that G&A and interest expenses for COP and CV must be revised accordingly.

Respondents state that in the event that the Department disagrees with respondents and determines that it is proper to adjust COM for products remelted by the affiliated party, they recognize that it is also proper to recalculate G&A and interest amounts, to ensure that these items remain at the same percentage of the revised COM.

However, respondents assert that petitioners' proposed computer language corrections are wrong and suggest modifications.

Department's Position: We agree with petitioners and have revised the G&A and interest expenses for COP and CV. We also agree with respondents concerning the computer coding to correct the error and have included it in the final results.

Comment 26: Petitioners allege that the Department made a data entry error by misspelling one of respondents' product codes in the computer program.

Department's Position: We agree and have corrected this error for the final results.

Final Results of Review

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

Manufacturer/exporter	Time period	Margin (percent)
Imphy/Ugine-Savoie	1/1/95–12/31/95	6.53

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

Furthermore, the following deposit requirements will be effective upon

publication of this notice of final results of review for all shipments of certain stainless steel wire rods from France entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Act: (1) the cash deposit rates for the reviewed companies will be the rates for those firms as stated above; (2) if the exporter is not a firm covered in this review, or the original 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 (3) the cash deposit rate for all other manufacturers or exporters will continue to be 24.51 percent for stainless steel wire rods, the all others rate established in the LTFV investigation. See *Amended Final Determination and Antidumping Duty Order: Certain Stainless Steel Wire Rods from France* (59 FR 4022, January 28, 1994).

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

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

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

Dated: February 7, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–3913 Filed 2–14–97; 8:45 am]

BILLING CODE 3510–DS–P

National Institute of Standards and Technology

[Docket No. 950420110–6167–02]

RIN 0693–XX06

Approval of Federal Information Processing Standards Publication (FIPS) 196, Entity Authentication Using Public Key Cryptography

AGENCY: National Institute of Standards and Technology (NIST), Commerce.

ACTION: The purpose of this notice is to announce that the Secretary of Commerce has approved a new standard, which will be published as FIPS Publication 196, Entity Authentication Using Public Key Cryptography.

SUMMARY: On June 6, 1995, notice was published in the Federal Register (60 FR 29830–29832) that a Federal Information Processing Standard for Public Key Cryptographic Entity Authentication mechanisms was being proposed for Federal use.

The written comments submitted by interested parties and other material available to the Department relevant to this standard were reviewed by NIST. On the basis of this review, NIST recommended that the Secretary approve the standard as a Federal Information Processing Standards Publication, and prepared a detailed justification document for the Secretary's review in support of that recommendation.

The detailed justification document which was presented to the Secretary, and which includes an analysis of the written comments received, is part of the public record and is available for inspection and copying in the Department's Central Reference and Records Inspection Facility, Room 6020, Herbert C. Hoover Building, 14th Street between Pennsylvania and Constitution Avenues, NW, Washington, DC 20230.

This FIPS contains two sections: (1) an announcement section which provides information concerning the applicability, implementation, and maintenance of the standard; and (2) a specifications section, which deals with the technical requirements of the standard. Only the announcement section of the standard is provided in this notice.

EFFECTIVE DATE: This standard becomes effective April 6, 1997.

ADDRESSES: Interested parties may purchase copies of this standard, including the technical specifications section, from the National Technical Information Service (NTIS). Specific ordering information from NTIS for this standard is set out in the Where to Obtain Copies Section of the announcement section of the standard.

FOR FURTHER INFORMATION CONTACT: Mr. James Foti, telephone (301) 975–5237, National Institute of Standards and Technology, Gaithersburg, MD 20899.

Dated: January 30, 1997.

Elaine Bunten-Mines,

Director, Program Office.

Federal Information Processing Standards Publication 196

February 18, 1997.

Announcing—Entity Authentication Using Public Key Cryptography

Federal Information Processing Standards (FIPS PUBS) are issued by the National Institute of Standards and Technology (NIST) after approval by the Secretary of Commerce pursuant to Section 111(d) of the Federal Property and Administrative Services Act of 1949 as amended by the Computer Security Act of 1987, Public Law 100–235.

1. Name of Standard. Entity Authentication Using Public Key Cryptography (FIPS PUB 196).

2. Category of Standard. Computer Security, *Subcategory* Access Control.

3. Explanation. This standard specifies two challenge-response protocols by which entities in a computer system may authenticate their identities to one another. These protocols may be used during session initiation, and at any other time that entity authentication is necessary. Depending on which protocol is implemented, either one or both entities involved may be authenticated. The defined protocols are derived from an international standard for entity authentication based on public key cryptography, which uses digital signatures and random number challenges.

Authentication based on public key cryptography has an advantage over many other authentication schemes because no secret information has to be shared by the entities involved in the exchange. A user (claimant) attempting to authenticate oneself must use a private key to digitally sign a random number challenge issued by the verifying entity. This random number is a time variant parameter which is unique to the authentication exchange. If the verifier can successfully verify the signed response using the claimant's public key, then the claimant has been successfully authenticated.

4. Approving Authority. Secretary of Commerce.

5. Maintenance Agency. Department of Commerce, National Institute of Standards and Technology, Computer Systems Laboratory.

6. Cross Index.

a. FIPS PUB 140–1, Security Requirements for Cryptographic Modules.

b. FIPS PUB 171, Key Management Using ANSI X9.17.

c. FIPS PUB 180–1, Secure Hash Standard.

d. FIPS PUB 186, Digital Signature Standard.

e. FIPS PUB 190, Guideline for the Use of Advanced Authentication Technology Alternatives.