trade. Further, we do not have the information which would allow us to examine pricing patterns of SKC's sales of other products, and there is no other respondent's or other information on the record to analyze whether the adjustment is appropriate.

Because the data available do not provide an appropriate basis for making a level-of-trade adjustment but the level of trade in Korea for SKC is at a more advanced stage than the level of trade of the CEP sales, a CEP offset is appropriate in accordance with section 773(a)(7)(B) of the Act. SKC claimed a CEP offset, which we applied to NV. To calculate the CEP offset, we took the amount of home market indirect selling expenses, and deducted this amount from NV, on home market comparison sales. We limited HM indirect selling expenses to the amount of indirect selling expenses incurred on sales in the United States.

Fair Value Comparisons

To determine whether sales of PET film in the United States were made at less than fair value, we compared USP to the NV, as described in the ''United States Price'' and ''Normal Value'' sections of this notice. In accordance with section 777(A) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions.

Preliminary Results of Review

We preliminarily determine that the following margins exist for the period June 1, 1995 through May 31, 1996:

Manufacturer/exporter	Margin
SKC	1.57
STC	0.37

Parties to this proceeding may request disclosure within five days of publication of this notice and any interested party may request a hearing within 10 days of publication. Any hearing, if requested, will be held 44 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 37 days after the date of publication. The Department will publish the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days after the publication of this notice.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Because the inability to link sales with specific entries prevents calculation of duties on an entry-by-entry basis, we have calculated an importer specific *ad valorem* duty assessment rate for the merchandise 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 these duties. This rate will be assessed uniformly on all entries of that particular importer made during the POR. (This is equivalent to dividing the total amount of antidumping duties, which are calculated by taking the difference between NV and U.S. Price, by the total U.S. value of the sales compared, and adjusting the result by the average difference between U.S. price and customs value for all merchandise examined during the POR.) The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties.

Furthermore, the following deposit requirements will be effective upon completion of the final results of these administrative reviews for all shipments of PET film from the Republic of Korea entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of these administrative reviews, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for reviewed firms will be the rate established in the final results of administrative review, except if the rate was less than 0.50 percent, and therefore, de minimis within the meaning of 19 CFR 353.6, in which case the cash deposit rate will be zero; (2) for merchandise exported by manufacturers or exporters not covered in these reviews but covered in the original less-than-fair-value (LTFV) investigation or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in these reviews, or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise in the final results of these reviews, or the LTFV investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in these or any previous reviews, the cash deposit rate will be 4.82%, the ''all others'' rate established in the LTFV investigation.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26(b) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during these review periods. 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 administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)).

Dated: March 3, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–5710 Filed 3–6–97; 8:45 am]

BILLING CODE 3510–DS–M

[A–570–825]

Sebacic Acid From the People's Republic of China; 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 September 3, 1996, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on sebacic acid from the People's Republic of China (PRC). This review covers shipments of this merchandise to the United States during the period July 13, 1994 through June 30, 1995. We gave interested parties an opportunity to comment on our preliminary results. Based upon our analysis of the comments received we have changed the results from those presented in the preliminary results of review.

EFFECTIVE DATE: March 7, 1997.

FOR FURTHER INFORMATION CONTACT: Elizabeth Patience or Jean Kemp, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–3793.

APPLICABLE STATUTE AND REGULATIONS: 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).

SUPPLEMENTARY INFORMATION:

Background

On September 3, 1996, the Department published in the Federal Register (61 FR 46440) the preliminary results of its administrative review of the antidumping duty order on sebacic acid from the PRC (59 FR 35909, July 14, 1994). We gave interested parties an opportunity to comment on our preliminary results and, at the request of respondents and the petitioner, held a public hearing on November 5, 1996. We received written comments from Tianjin Chemicals Import and Export Corporation (Tianjin), Guangdong Chemicals Import and Export Corporation (Guangdong) and Sinochem International Chemicals Company, Ltd. (SICC) (collectively, respondents); and from the petitioner, Union Camp Corporation. On October 29, 1996, after case and rebuttal briefs were filed, respondents submitted ''newly discovered'' information regarding sebacic acid production in India. Due to the importance of this issue in this case, we accepted the submission over petitioner's argument that it was untimely. We subsequently gave both parties an opportunity to submit additional information regarding the production of sebacic acid in India. On November 13, 1996 and November 21, 1996, both parties submitted information and rebuttal comments regarding this issue. We have now completed the administrative review in accordance with section 751 of the Act.

Scope of the Review

The products covered by this order are all grades of sebacic acid, a dicarboxylic acid with the formula (CH2)8(COOH)2, which include but are not limited to CP Grade (500ppm maximum ash, 25 maximum APHA color), Purified Grade (1000ppm maximum ash, 50 maximum APHA color), and Nylon Grade (500ppm maximum ash, 70 maximum ICV color). The principal difference between the grades is the quantity of ash and color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C10 dibasic acid. Sebacic acid is sold generally as a free-flowing powder/flake.

Sebacic acid has numerous industrial uses, including the production of nylon 6/10 (a polymer used for paintbrush and toothbrush bristles and paper machine felts), plasticizers, esters, automotive coolants, polyamides, polyester castings and films, inks and adhesives, lubricants, and polyurethane castings and coatings.

Sebacic acid is currently classifiable under subheading 2917.13.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding remains dispositive.

This review covers the period July 13, 1994, through June 30, 1995, and four exporters of Chinese sebacic acid.

Analysis of Comments Received

Comment 1

Respondents assert that certain sales treated by the Department in its preliminary results as sales by Sinochem Jiangsu Import and Export Corporation (Jiangsu), another company subject to this antidumping duty order, should be considered SICC sales. According to respondents, SICC was acting as a sales agent for Jiangsu. In its capacity as sales agent, SICC negotiated the sale price with the U.S. importer, set the price of the sales, arranged the shipment of the merchandise to the U.S. importer, and purchased the cargo transportation insurance. In addition, the U.S. importer sent the purchase order to SICC rather than Jiangsu. Citing *Sulfanilic Acid from the People's Republic of China: Final Results and Partial Recission of Antidumping Duty Administrative Review*, 61 FR 53702 (October 15, 1996) (*Sulfanilic Acid*) and *Final Determination of Sales at Not Less Than Fair Value; Canned Mushrooms from the People's Republic of China*, 48 FR 45445 (October 5, 1983) (*Canned Mushrooms*), respondents argue that a margin should be calculated for these sales based on SICC's data as the exporter rather than assigning Jiangsu's 243 percent rate to these sales.

In the alternative, respondents argue that, if the Department determines that these sales were Jiangsu sales, these sales should be removed from the calculation of SICC's rate.

Respondents assert that in prior cases, such as *Manganese Sulfate from China*, 60 FR 52155 (October 5, 1995) (*Manganese Sulfate*), and *Polyvinyl Alcohol from the People's Republic of China*, 61 FR 14057 (March 29, 1996) (*Polyvinyl Alcohol from the PRC*), where the Department has determined that certain sales were made by another exporter, it has dropped those sales from the U.S. sales base of the respondent exporter.

Respondents contend that SICC has cooperated with the Department in each stage of this review and that SICC's dealings with Jiangsu are an accepted way of doing business in China. Respondents assert that SICC and U.S. importers are being punished because SICC fully disclosed its business dealings to the Department. Respondents argue that the Department is including these sales into SICC's dumping margin so as to curb circumvention by Chinese exporters. Respondents assert that Commerce's actions should reflect the remedial intention on the statute. According to respondents, the remedial purpose of the statute is not served by applying the country-wide rate to SICC's sales in this case and the Department has exceeded its authority by doing so.

Petitioner supports the Department's treatment of the Jiangsu sales exported by SICC. Petitioner argues that respondents' reliance on *Sulfanilic Acid* to support its argument that SICC is the seller is misplaced. In that case, the Department decided that two producers were the proper respondents because the producers established the price with the U.S. importer, not the trading company through which the sales were made. The trading company's role was limited to processing paperwork. Petitioner argues that the same fact pattern does not exist in the present case. Petitioner notes that Jiangsu is not a producer of sebacic acid but is an export trading company that received its own dumping margin in the LTFV investigation.

Petitioner also argues that respondents incorrectly rely on *Canned Mushrooms*. Petitioner contends that there is no discussion in that case on how to value sales that an exporter misrepresents as its own so that another exporter can avoid a larger dumping margin. Petitioner contends that *Manganese Sulfate* is not applicable because in that case it was clear from documents on the record that the trading company in question did not have any knowledge at the time the sale was made that the sale was destined for the United States. Petitioner also notes that a similar situation existed in *Polyvinyl Alcohol from the PRC* where the Department excluded certain sales of an exporter because, at the time the sales were made, the exporter did not know that the sales were destined for the United States.

Petitioner replies that because these two sales were blatant and admitted attempts to circumvent the antidumping duty order, the Department correctly valued these two sales with the country-wide dumping margin of 243.40 percent. Petitioner argues SICC received a commission from Jiangsu for acting as Jiangsu's sales agent.

Petitioner contends that, unlike in *Manganese Sulfate* and *Polyvinyl Alcohol from the PRC*, in the instant case both SICC and Jiangsu knew that the two sales were destined for the United States. Petitioner argues in order to enforce the antidumping duty statute, the Department must assign the country-wide rate to the two Jiangsu sales. Petitioner contends that SICC clearly attempted to circumvent the antidumping duty laws by cooperating with Jiangsu by acting as a sales agent for two sales of sebacic acid to a U.S. importer. Consequently, petitioner maintains the Department was justified in using the country-wide antidumping rate for those two sales. *See* 19 U.S.C. Section 1677e(b).

Department Position

We disagree with respondents. It was clear from statements made by SICC officials at verification that SICC considered these sales to be Jiangsu's sales. *See* SICC Verification Report at 6–7. Therefore, it is not appropriate to calculate a margin on these sales based on SICC's data as the exporter. However, because SICC reported these sales as their own in the questionnaire responses and played a significant role in the sale of this merchandise, including identifying itself as the exporter on U.S. Customs documentation and accepting and subsequently converting payment for Jiangsu, the Department has included these two sales in the calculation of SICC's margin.

However, we disagree with petitioner's and respondents'' characterization of our treatment of these sales as punitive use of facts available to ''punish'' an uncooperative respondent. Our use of the rate of 243 percent was not punitive. Because these are Jiangsu sales, we applied the rate that Jiangsu would have received on the sales to the United States. That the rate is 243 percent is reflective only of Jiangsu's failure to respond to the Department's questionnaire and the Department's application of the country-wide rate to Jiangsu consistent with its normal practice. *See* Preliminary Results, 61 FR 46442.

In this review, SICC knowingly engaged in sales to the United States of another respondent's material, according to statements by SICC at verification, as an attempt to assist Jiangsu in avoiding posting of Jiangsu's higher antidumping duty cash deposits. Therefore, it is appropriate and consistent with the remedial nature of the statute, to apply the Jiangsu rate to these transactions in calculating SICC's rate. SICC's margin should reflect any dumping on sales in which it is the exporter of record. Respondents'' reliance on *Asociacion Columbiana de Exportadores de Flores* v. *United States*, 717 F.Supp. 834, 837 (1989), *C.J. Tower and Sons* v. *United States*, 71 F.2d 438 (CCPA 1934), and *Helwig* v. *United States*, 188 U.S. 605 (1903) is misplaced. The Department has assigned the Jiangsu rate to the Jiangsu sales reported by, and entered into the United States by SICC. The Department's determination to do so is a direct result of the actions taken by SICC and Jiangsu and should not be characterized as punitive.

Respondents' reliance on *Sulfanilic Acid* is misguided. In that case, the Department rejected petitioner's argument that a trading company should be designated the respondent and not the producers of the subject merchandise. The trading company's role was limited to processing paperwork. In the instant case, SICC received a commission on the sales, accepted payment for the sales, converted this payment to Chinese currency, and claimed that it was the exporter of the merchandise to the U.S. Customs Service. SICC's role, therefore, was much more extensive than simply processing paperwork. SICC's role in making the sales, in combination with its agreement with Jiangsu to sell the merchandise to Jiangsu's U.S. customer at prices and terms set by Jiangsu, led to the Department's determination in this case to include the Jiangsu sales in SICC's margin calculation.

Respondents' reference to *Canned Mushrooms* is similarly misplaced. In that case, petitioner was arguing that the Department should calculate purchase price using respondent's prices to PRC customers instead of prices to US customers. The Department disagreed and based purchase price on the prices which respondent sells the product to US customers. This decision is not relevant to the current discussion of sales by one exporter made through another in order to reduce payment of cash deposits and antidumping duties.

Additionally, the facts of *Manganese Sulfate* and *Polyvinyl Alcohol from the PRC* are readily distinguishable from this case. In contrast to the companies in these cases, Jiangsu and SICC both knew the subject merchandise was being shipped to the United States. The agreement between SICC and Jiangsu identified the U.S. customer and outlined which party was responsible for export-related charges as well as which party was responsible for obtaining payment from the U.S. customer. *See* SICC Verification Report at 6.

Comment 2

Petitioner argues that India should not be used as the surrogate country for valuing factors of production in this review because there is no production of sebacic acid or a comparable product in India. Petitioner contends that it would be inconsistent with the statute to use India as a surrogate because: (1) India is not a producer of sebacic acid; and (2) there is no evidence on the record to support that India is a producer of a comparable product. Petitioner argues that there is no evidence on the record to support the Department's conclusion that oxalic acid (1) is produced in India or (2) is comparable to sebacic acid. Petitioner states that while it is true that both oxalic and sebacic acid are dicarboxylic acids, oxalic acid has two carbon atoms and sebacic acid has ten carbon atoms, giving the two acids completely different properties and uses. Petitioner contends that the inputs for the two acids are very different. Additionally, petitioner argues that the commercial values of imported sebacic acid is nearly 20 times greater than the imported Indian value for oxalic acid.

Petitioner suggests that the Department should value the factors of production based on either U.S. or Japanese values, the only two market economies in which sebacic acid is produced using the caustic fusion process. *See Natural Bristle Paint Brushes and Brush Heads from China*, 50 FR 52812 (Dec. 26, 1985) (*Natural Bristle Paint Brushes*) (the Department used a U.S. import price as the foreign market value for certain paint brushes because there was no comparable product in the surrogate country).

Respondents maintain that the Department has the option to choose as a surrogate a country that does not produce the same, or even comparable, merchandise if there is no country that meets both criteria in the statute (*i.e.*, comparable level of economic development and producer of comparable merchandise). Otherwise, respondents contend, if Union Camp is correct, no country in the world meets the statutory criteria as a surrogate country.

On October 29, 1996, respondents submitted a letter from an Indian chemical company offering to sell

sebacic acid. Respondents argue that this is evidence that sebacic acid is produced in India. However, respondents argue that even if sebacic acid is not produced in India, oxalic acid is produced in India. Respondents maintain that many of the inputs required to produce sebacic acid, including castor oil, also are produced in India and exported to China. Respondents contend that interchangeableness is not needed to make a product comparable. Respondents state that both oxalic and sebacic acids are used in the rubber manufacturing industry. Additionally, respondents quote the International Trade Commission, stating that sebacic acid has physical characteristics similar to those of other dicarbolic acids in the chemical series. *See Sebacic Acid from the People's Republic of China*, Inv. No. 731–TA–653 (Preliminary), USITC Pub. 2676 (1993) at I–4–4.

Respondents argue that petitioner's reference to the 1985 *Natural Bristle Paint Brushes* case is inappropriate because it was decided before the nonmarket economy statute was amended in 1988 to provide for a factors of production approach. Respondents state that since 1988, the Commerce Department has never used the United States or Japan as a surrogate country in an antidumping case involving China because they are not at a comparable level of economic development.

Department Position

In valuing factors of production, the Department used surrogate values from India. In accordance with section 773(c)(4) of the Act, the Department chose India as its surrogate because it was most comparable to the PRC in terms of overall economic development based on per capita gross national product (GNP), the national distribution of labor, and growth rate in per capita GNP, and because it was a significant producer of comparable merchandise (oxalic acid).

The statute and the regulations instruct the Department to value factors of production in an appropriate surrogate country. The Department rarely departs from use of a surrogate value from a country comparable to the NME in terms of overall economic development. *See Final Determination of Sales at Less Than Fair Value: Beryllium Metal and High Beryllium Alloys from the Republic of Kazakstan*, 62 FR 2648 (January 17, 1997). Surrogate values from countries at a similar level of development are considered to be the most appropriate and comparable for valuation of the factors in the similarly situated nonmarket economy country. While the Department may use values from the United States or other countries not at a comparable level of development for individual factors, its practice is to do so only if it cannot find those values in a comparable economy that produce comparable merchandise. Use of the United States, Japan or other country not on the list of recommended surrogate countries proposed by the Department's Office of Policy is the last and least suitable option specifically because surrogate values from countries not at a level of economic development comparable to that of the nonmarket economy are not considered representative of the nonmarket economy country's costs and prices. *See* Memorandum from David Mueller to Laurie Parkhill, Serbacic (sic) Acid from the People's Republic of China: Nonmarket Economy Status and Surrogate Country Selection, March 4, 1996.

The fact that sebacic acid is produced in the United States or Japan does not make either an appropriate surrogate. A U.S. or Japanese value in this case is not representative of a PRC value because neither the U.S. nor Japan are at a level of economic development comparable to that of the PRC. Moreover, the Department has concluded that using values from India is appropriate because India is at a comparable level of development and is a significant producer of comparable merchandise—oxalic acid. Though sebacic acid and oxalic acid may have different end uses, both are dicarboxylic acids and both are used in the rubber manufacturing industry. *See* Petitioner's Brief at Exhibit 1, October 10, 1997. Many of the inputs used to produce sebacic acid are also used to produce oxalic acid (*e.g.*, sodium hydroxide). *See* Petitioner's Brief at Exhibit 1, October 10, 1997. U.S. import statistics for the POR indicate that India is a significant producer of oxalic acid. *See* Memorandum to the File from Elizabeth Patience and N. Gerald Zapiain, Analysis Memorandum for the Final Results of the 1994/1995 Review, February 24, 1997 (Final Analysis Memorandum). In addition, a cable from the U.S. embassy in Bombay, submitted during the LTFV investigation, identifies 15 Indian producers and nine exporters of oxalic acid, which also indicates that India is a significant producer of oxalic acid. *See* Final Analysis Memorandum.

Petitioner's argument that we should value factors of production based on either U.S. or Japanese values because they are the only countries which use the caustic fusion process to produce sebacic acid is irrelevant. According to the ITC report from the LTFV investigation, Chinese producers do not use caustic oxidation to produce sebacic acid. *See Sebacic Acid from the People's Republic of China*, Inv. No. 731–TA–653 (Preliminary), USITC Pub. 2676 (1993) at II–7. Therefore, we are not concerned with finding the identical production process in our chosen surrogate country.

Finally, the documents submitted by interested parties on October 29, 1996, November 13, 1996, and November 21, 1996, did not conclusively demonstrate that sebacic acid was produced in India during the period of review (POR). Therefore, these documents were not a basis for our decision to use India as the surrogate country for this review.

Comment 3

Petitioner argues that the Department should value capryl alcohol consistent with the CIT's decision in *Union Camp* v. *United States*, Slip Op. 96–123 at 8, 10 (August 5, 1996). Specifically, petitioner argues that the Department should value capryl alcohol (octanol-2) based on an appropriate cost of crude octanol-2 rather than the Indian selling price for refined octanol-1.

Petitioner argues neither of the two surrogate prices for capryl alcohol submitted by respondent is appropriate. Petitioner contends that the first value, Rs 76/kg, from Indian *Chemical Weekly*, must be a value for octanol-1, not octanol-2, because sebacic acid is not produced in India. Petitioner contends that because sebacic acid is not produced in India, octanol-2 must not be produced in India, since octanol-2 is a subsidiary product of sebacic acid production.

Moreover, petitioner rejects respondents' second surrogate price for 98 percent pure capryl alcohol, $0.68/lb., from the *Chemical Marketing Reporter*, because it is the same as Union Camp's offering price for refined capryl alcohol. Petitioner contends that crude capryl alcohol, the subsidiary product of the sebacic acid process, must be further processed to achieve the 98 percent purity. The Chemical Marketing Reporter reported the market value of octanol-1 at $0.925/lb. during the POR. Petitioner argues that the U.S. value of octanol-1 during the POR was 36 percent higher than the U.S. value of refined capryl alcohol and that the value difference between octanol-1 and crude capryl alcohol is even larger.

Petitioner concludes that because octanol-1 is not comparable to octanol-2 either chemically or commercially, the Department should not use octanol-1 as a surrogate value for octanol-2. Petitioner contends that Union Camp and all three respondents treat octanol-

2 as a by-product. However, because the Department used an overvalued publicly available, published value in its preliminary results, the Department determined octanol-2 to be of such a significant value in relation to sebacic acid that it categorized it as a co-product rather than a by-product. Petitioner contends that using octanol-1 values distorts the by-product/co-product analysis and results in artificially lower margins for the respondents. Petitioner offers its own by-product credit value for crude capryl alcohol, $0.15/lb., as the best available surrogate price for the subsidiary product. However, petitioner states that if the Department chooses to use the $0.68/lb price, it should make adjustments for input costs incurred in converting crude capryl alcohol to refined capryl alcohol. Petitioner supplies such a calculation where the resulting value is $0.1544/lb.

Respondents argue that the Department should reject petitioner's submission of surrogate value information in its case brief as it is untimely and petitioner had opportunities prior to the publication of the preliminary results to submit this information. Respondents maintain that the surrogate value of $0.15/lb. is unverified and that there is no support on the record of this review that these internal costs represent actual market prices in the United States. Respondents argue the Department should use the Indian publicly available, published value of Rs 76/kg value they submitted for the period of review rather than the surrogate value of Rs 56/kg that was used in the less-than-fair-value investigation.

Respondents contend that comparing the $0.68/lb. octanol-2 price from the *Chemical Marketing Reporter,* to the internal Union Camp price of $0.15/lb. supports respondents' argument that Union Camp's internal costs do not reflect the market price of these chemicals. Respondents maintain that Union Camp's internal cost should not be used as it is not from an appropriate surrogate country and the value is not a published or public figure. Respondents contend that use of unverified, internal costs does not provide respondents with greater certainty and predictability in the administration of the antidumping law. Respondents maintain that use of such internal costs give the Chinese respondents no opportunity to determine their dumping margins.

Additionally, respondents contest petitioner's assertion that the CIT held that octanol-1 and octanol-2 are not comparable products. Respondents maintain that the Court held that there was not substantial evidence on the record of the LTFV investigation to support the Department's determination in the LTFV investigation that the two products are comparable.

Respondents argue that the term octanol does not necessarily mean octanol-2. Respondents maintain that octanol is a generic term, which includes all isomers having eight carbon atoms and one alcohol functional group. Thus, respondents contend, the term ''octanol'' in the Indian *Chemical Weekly* does not necessarily refer only to octanol-1, but could also include octanol-2. Respondents maintain that there is no evidence on the record of this review, and Union Camp has made no effort to find evidence, that octanol-2 is not sold in India.

Respondents argue that petitioner made no effort to provide publicly available, published values during the course of this review. Therefore, respondents maintain that the Department should not reward petitioner for its decision not to submit surrogate value information by using petitioner's late-submitted internal value for octanol-2. Respondents contend that, pursuant to 19 CFR 353.37, the Department is justified in using the Indian surrogate value for octanol in the Indian *Chemical Weekly* as the best information available.

Moreover, respondents argue that the Department should not use petitioner's proposed calculation for adjusting the *Chemical Marketing Reporter* octanol-2 value for additional costs. Respondents maintain that the Chinese factorie' factors of production already include the labor and energy used to produce the subsidiary products. According to Zhong He's March 8, 1996 submission to the Department, Zhong He is unable to separate these factors from those used to produce sebacic acid. Additionally, the verification report indicates that the Workshop No. 2 (where sebacic acid is produced) production report includes all the consumption of raw materials, and records the production of sebacic acid and each of the three subsidiary products.

Respondents provide additional statements by Mr. Hoegl of Ivanhoe Industries to state that petitioner's conversion of capryl alcohol to refined capryl alcohol should possibly be higher than $0.15/lb. Mr. Hoegl states that the co-product of the distillation process, methyl hexyl ketone, has a market value of approximately $2.50/lb. Therefore, Mr. Hoegl argues, the value of the crude capryl alcohol stream is much greater than $0.15/lb. and ''may even be higher than the published $0.68/lb. price for refined capryl alcohol.''

Department Position

In valuing factors of production, the Department's practice is to rely, to the extent possible on publicly available information. The Department prefers to use publicly available information because: (1) It alleviates difficulties in obtaining, and concerns about the quality of, cable data from embassies and consulates (previously often used as sources for surrogate values); (2) it allows interested parties an opportunity to actively submit and comment on surrogate value data; (3) the establishment of a clear surrogate values hierarchy, with a preference for surrogate values from a single country based on publicly available information, increases the certainty and predictability of the outcome of the Department's factor valuations; (4) the methodological framework helps to focus comments made by petitioner and respondent in the case and rebuttal briefs and reduces miscellaneous submissions throughout the course of proceedings regarding the appropriateness of various surrogate values; and (5) it alleviates the administrative burden on U.S. embassies and consulates caused by requests for large amounts of data. *See Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from the People's Republic of China,* 57 FR 21058, 21062 (May 18, 1992). In determining which surrogate value to use for valuing each factor of production, therefore, the Department selects, where possible, publicly available information which is: (1) An average non-export value; (2) representative of a range of prices within the period of review if submitted by an interested party, or most contemporaneous with the POR; (3) product-specific; and (4) tax-exclusive.

In this review, the Department was unable to locate an Indian value for octanol-2. In addition, the Department specifically asked interested parties to submit any publicly available, published values for octanol-2. Neither the petitioner, Union Camp, nor the respondents were able to locate an Indian value, specifically for octanol-2. As a result, the Department used an Indian price for octanol-1 as a surrogate value for octanol-2 as the best available information after the Department concluded that, for purposes of factor valuation, octanol-1 was comparable to octanol-2. We find that octanol-1 and capryl alcohol (octanol-2) share very similar molecular formulae though they are not identical products. Since product-specific price information is not

available from our recommended surrogate countries, we must rely on the price of the closest product we could obtain to value capryl alcohol. Additionally, we agree with respondents that it is not clear from the Indian *Chemical Weekly* whether their listed price for ''octanol'' refers to octanol-1, octanol-2, or a combination of the two products.

Union Camp's statements that octanol-1 is derived from a process entirely unrelated to the sebacic acid process and that octanol-1 is a high-priced petrochemical are not necessarily dispositive on the issue of the comparability of octanol-1 and octanol-2 for purposes of factor valuation. In a nonmarket economy case, the Department may need to value anywhere from 10 to hundreds of factors of production; in this case we needed to value approximately 25. If we were *required* to find an exact match for each factor, the administrative burden would be enormous and, in many instances, the task would be impossible. Therefore, although we strive to locate exact surrogate matches in our preferred surrogate country, we often are unable to do so. In those instances, the Department's practice is to use the most comparable surrogate match that meets our publicly available information criteria in an appropriate surrogate country.

There is no basis in the statute or legislative history to suggest that the Department is required to research or consider the production process or use for each factor so as to locate a surrogate match with an identical or even similar production process or use. In valuing factors of production, the Department is attempting to assign a market-economy value, *i.e.*, a price or a cost, to some non-market economy factor, *e.g.*, 50 kilograms of chemical ''x'', 12 nuts and bolts, 3 plastic bags, 7 hours of labor. The Department does not delve into intricacies of the production and use of every potential surrogate precisely because production and use are not necessarily relevant to *valuation* of factors of production. The Department foremost is concerned about assigning an appropriate surrogate *value* to a specific factor of production. As a result, the Department will consider rejecting a potential surrogate where it has evidence that a possible surrogate value does not reasonably reflect the ''value'' of the factor. For example, if the Department had evidence that a surrogate price was significantly higher than other potential surrogate prices for a particular factor, the Department might find that it was not reasonable to use that particular price as a surrogate value.

Similarly, the Department is not required to consider interchangeableness in determining whether to use a particular surrogate to value a factor of production. The CIT's opinion in *Union Camp* suggests that because octanol-1 and octanol-2 are not ''interchangeable'' they are not comparable for factor valuation purposes. If interchangeableness were a prerequisite, however, the Department would have extreme difficulty in valuing factors of production. The Department would be required to locate precise matches between surrogates and factors —an impracticable if not virtually impossible task given the amount of data the Department would have to collect and analyze for each factor. The very nature of chemicals, in particular, is such that a small difference in grade or a change in molecular structure would preclude ever finding two different chemicals comparable for purposes of factor valuation. In this case, for example, the Department recognizes that octanol-1 and octanol-2 are two different products, and, hence not interchangeable. Interchangeableness, however, is not the test for comparability for factor valuation.

As stated in Comment 2 above, the statutue and the regulations instruct the Department to value factors of production in an appropriate surrogate country. In addition to the United States and Japan not being appropriate surrogate countries in this case, there is no evidence on the record that octanol-2 is *sold* in either country. The only U.S. value on the record for octanol-2 is the internal accounting cost *Union Camp* assigns to octanol-2. The Department normally would not consider using such a value because it is not a value from an appropriate surrogate country and the value is not a public or published figure. As explained above, the Department's practice is to use public, published figures because, among other reasons, it increases the certainty and predictability of the outcome of the Department's factor valuations in NME cases and it affords all interested parties an opportunity to submit and comment on surrogate value data. Use of an unpublished, internal cost from a country not on the list of recommended surrogates is contrary to the Department's established practice. *See Magnesium Corp.* versus *United States*, 938 F. Supp. 885 (CIT 1996) (''It is Commerce's standard practice to disregard petitioners' costs because they are not 'an appropriate benchmark by which to test the accuracy of surrogate country values.' '') Our preference is for values from the selected surrogate country. Additionally, there is no conclusive evidence on the record of this review that respondents' octanol-1 value is not a reasonable substitute for octanol-2 in our calculations, given the limited public and published data from India available to the Department. Therefore, we are using the Rs 76/kg value from the Indian *Chemical Weekly* as a surrogate value for capryl alcohol as the best information available to the Department.

Comment 4

The verification report for Zhong He includes the statement that ''Zhong He began producing sebacic acid for outside parties in January 1995.'' Petitioner interprets this to mean that SICC's six reported sales occurring prior to January 1995 could not have been manufactured by Zhong He. Petitioner argues that because SICC apparently misreported the manufacturer of its sebacic acid for six sales during the POR, the Department should assign the country-wide rate of 243.40 percent to these six sales as best information available.

Respondents argue that the sentence quoted in petitioner's brief refers to Zhong He's toll production of sebacic acid using Indian castor oil which had been purchased and imported by certain parties. This toll production began in January 1995. Respondents maintain that prior to and after January 1995, Zhong He produced sebacic acid from castor oil which it had purchased from Chinese castor oil producers. Respondents contend that during verification the Department traced 1994 sales of sebacic acid from Zhong He to SICC. Respondents maintain that there is no indication on the record of this review that SICC did not use Zhong He as a supplier for these sales to the United States.

Department Position

We agree with respondents. The statement in the verification report refers to Zhong He's tolling operation in which it accepted castor oil from outside parties in exchange for sebacic acid. It is this operation that did not begin until January 1995. We verified that Zhong He had produced and sold sebacic acid to SICC throughout the administrative review period. *See* Memorandum to the File from Elizabeth Patience and Rebecca Trainor: Verification of the Response of Tianjin Zhong He Chemical Plant With Regard to the Factors of Production of Sebacic Acid, August 26, 1996.

Comment 5

Respondents contend that the surrogate values used in our calculations of their antidumping duty margins should be valued on a tax-exclusive basis. Respondents state that our source for values for caustic soda, cresol, sulfuric acid, sodium chloride and zinc oxide, *Chemical Weekly*, indicated that these values were tax-inclusive. Respondents point to number of recent cases involving the PRC in which we excluded taxes from the surrogate values used in our calculations. *See, e.g., Sulfanilic Acid From the People's Republic of China; Final Results and Partial Rescission of Antidumping Duty Administrative Review,* 61 FR 53702 (October 15, 1996).

Petitioner argues that if the Department excludes Indian taxes from the valuation of the factors of production, it should include any Chinese taxes applied to such factors of production in China. Petitioner maintains that PRC taxes that are not rebated upon export do affect PRC sales to the United States.

Department Position

We agree with respondents that the surrogate values used to value the raw materials and by-products should be exclusive of taxes. *See, e.g., Sulfanilic Acid.* The issues of *Chemical Weekly* used to determine the surrogate values of all by-products and raw materials in the preliminary results of this review, state that the prices reported for these inputs are inclusive of Excise and Maharshtra taxes. Accordingly, we have adjusted the surrogate values of all raw materials and by-products to exclude taxes for the final results of review. To adjust the prices to exclude taxes, we have used the *Central Excise Tariff of India, 1994–95,* and the *Bombay Sales Tax Act of 1959.* These documents show that the tax rates are 20 percent and 4 percent, respectively. *See* Memorandum to the File from Karin Price, Analysis for the final results of the 1994/1995 administrative review of sulfanilic acid from the People's Republic of China—Yude Chemical Industry Company and Zhenxing Chemical Industry Company, October 7, 1996 and Final Analysis Memorandum.

We disagree with petitioner that PRC taxes should replace Indian taxes in our calculations. The normal value being calculated (by applying Indian surrogate values to the PRC factors) is a surrogate for material costs in the PRC for comparison to U.S. sales of Chinese merchandise. Therefore, Indian value-added taxes, which do not affect PRC sales to the United States, should be removed from such surrogate costs. Alternatively, PRC taxes should not be used because they are not based on market economy considerations. They are also not relevant to the value of material inputs in India. In constructing a market-based cost for merchandise exported to the United States, we must recognize that virtually all countries of the world employ indirect tax rebate schemes to prevent double-taxation from placing their exports at an unfair competitive disadvantage in world markets.

Comment 6

Respondents argue that the Department understated the cost of manufacturing and overstated factory overhead and SG&A percentages. Respondents note that, in determining surrogate values for overhead, SG&A expenses, and profit, the Department used data contained in the April 1995 *Reserve Bank of India Bulletin.* In making its calculation, respondents argue that the Department arbitrarily and without explanation allocated 50 percent of the expenses in three categories, ''provident fund,'' ''salaries, wages and bonuses,'' and ''employees, welfare expenses,'' to SG&A expenses and 50 percent to the cost of manufacture. As a result, the cost of manufacturing is understated and the overhead rate, SG&A rate, and profit rate are overstated. They contend that 100 percent of these three categories should be applied to the cost of manufacture, consistent with *Polyvinyl Alcohol from the PRC* and *Sulfanilic Acid.*

Department Position

We agree with respondents that 100 percent of these labor categories should be included in the cost of manufacturing. In the absence of any information to the contrary, it makes sense that most of these expenses are costs of manufacturing rather than to SG&A expenses. In addition, we note that in *Polyvinyl Alcohol from the PRC,* although we did not use information from the *Reserve Bank of India Bulletin* as surrogate values for overhead, SG&A expenses and profit, we compared expenses from this source to values from financial statements from Indian producers and, as a result, in each instance, we allocated 100 percent of these labor-cost categories to the cost of manufacturing. We have also reexamined our classification of other categories in the *Reserve Bank of India Bulletin,* and have determined that several categories were misclassified in the preliminary results of review. This has been corrected for the final results. *See* Final Analysis Memorandum.

Comment 7

Petitioner argues that the Department should not have valued overhead as a percentage of cost of manufacture. Instead, petitioner contends that overhead should have been calculated as a percentage of raw materials, labor, power and fuel, the three surrogate value categories used in the factors of production. *See* Valuation Memorandum: Final Antidumping Duty Determination: Polyvinyl Alcohol from the PRC at 2 and Attachment 5 (March 22, 1996).

Petitioner contends that ''Stores and Spares Consumed'' is more properly categorized as an overhead expense rather than a cost of manufacture as they are indirect materials and should be treated as a part of factory overhead. *See* Memorandum from Manganese Metal Team to Barbara R. Stafford re: Antidumping Investigation of Manganese Metal from the PRC: Major Final Determination Issues, October 16, 1995 at 7. Petitioner contends that the new overhead ratio should be 20.18 percent.

Moreover, petitioner contends that the Department improperly omitted ''Other expenses'' and ''Other provisions'' from its calculation of SG&A. Petitioner maintains that these expenses are integral to, and should be included in the calculation of SG&A expenses. *See* Valuation Memorandum: Preliminary Antidumping Duty Determination: Polyvinyl Alcohol from the PRC at 7 and Attachment 9 (October 2, 1995). Petitioner argues that if the Department excludes these expenses then it must adjust the profit calculation upward by the same amount. Petitioner states that profit in the *Reserve Bank of India Bulletin* equals revenue minus costs (including other expenses and other provisions). Therefore, petitioner concludes, all costs associated with the reported profit must be included as overhead or SG&A, or the profit must be increased by the value of any costs that are excluded.

Department Position

We agree with petitioner that the category for stores and spares consumed should be classified as an overhead expense. Additionally, we have included the categories ''Other Expenses'' and ''Other Provisions'' as SG&A expenses, consistent with *Sulfanilic Acid.* We have made adjustments to our calculations for these categories in our final results. However, we disagree with petitioner's argument that overhead should be valued as a percentage of raw materials, labor, power and fuel. Instead, we calculated

overhead, less power and fuel, as a percentage of cost of manufacture, consistent with *Sulfanilic Acid*.

Comment 8

Respondents contend that the Department did not properly adjust for Hengshui Chemical factory's use of both purchased and self-produced castor oil in the production of sebacic acid. Respondents maintain that the Department double-counted amounts for raw material and energy inputs consumed by Hengshui in the production of castor oil. Respondents propose two methods to account for the castor oil produced by Hengshui. One method is to not add amounts for the inputs consumed in castor oil production. Alternatively, respondents recommend a methodology which they argue more accurately reflects Hengshui's operations and Department practice. *See Polyvinyl Alcohol from the PRC.*

Moreover, respondents argue that the Department used the incorrect value for castor seed in Hengshui's constructed value calculation. The Department used a value of Rs 9.36/kg for castor seed. Respondents contend the value should be Rs 9.23/kg.

Petitioner contends that the Department incorrectly deducted the value of castor seed cake as a by-product credit from the foreign market value calculation of sebacic acid because Hengshui produces some of its own castor oil. Petitioner contends that this is an incorrect adjustment because castor seed cake is a by-product of the castor oil process, not the sebacic acid process. Petitioner maintains that the by-product adjustment should be an adjustment to the price of castor oil and not to the value of sebacic acid.

Department Position

We agree with respondents and petitioner and have revised our calculations to accurately reflect Hengshui's production of castor oil consistent with *Polyvinyl Alcohol from the PRC. See* Final Analysis Memorandum. Additionally, we have used the Rs 9.23/kg value for castor seeds for our final results calculations.

Comment 9

Respondents argue that the Department failed to deduct amounts for the by-products glycerine and castor seed cake in our calculations of constructed value. Respondents maintain that analysis memorandum and notice of preliminary results, we indicated that we would be deducting these values but in the calculation worksheets attached to the analysis memorandum, no deduction was made. *See Preliminary Results,* 61 FR 46440 and Memorandum from Case Analyst to the File: Analysis Memorandum; August 27, 1996.

Department Position

We agree with respondents and deducted these amounts in our calculations for the final results of review.

Comment 10

Respondents maintain that the Department was incorrect in individually valuing a separate value for water. They contend that the Indian overhead number used in our calculations already includes a value for water. *See, e.g., Polyvinyl Alcohol from the PRC.*

Petitioner argues that the Department correctly treated water as an input in the sebacic acid process rather than an overhead expense. Petitioner maintains that respondents' reported water consumption factors indicate that water is a significant factor in the production of sebacic acid that varies directly with output. Petitioner contends that the cost of water for each company is greater than the costs for certain other factors of production so water should likewise be separately valued. Petitioner argues, using examples from Indian chemical companies' annual reports, that Indian chemical companies typically account for water as a direct cost in the same manner as power and fuel. According to petitioner, this treatment of water as a direct expense contradicts the Department's past practice of presuming that it is ''normal'' practice to include water as an overhead item and the Department's past statement that there was nothing in the *Reserve Bank of India Bulletin* financial statement to indicate that water is not included in overhead. *See, e.g., Final Determination of Sales at Less Than Fair Value: Disposable Pocket Lighters from the People's Republic of China,* 60 FR 22359, 22367–68 (May 5, 1995).

The Department was unable to locate a contemporaneous value for water in India or Pakistan so chose to adjust the Pakistani value used in the LTFV investigation. Petitioner offers the value for water from the *Water Utilities Data Book,* Asian and Pacific Region, Asian Development Bank (November 1993). Petitioner maintains that the Department should use an average of the Indian water values reported, adjusted for inflation, as a more appropriate surrogate value than the value for Pakistani water.

Department Position

We agree with respondents. Consistent with Department practice, we have presumed that the overhead value from the *Reserve Bank of India Bulletin* includes an expense for water. Therefore, consistent with *Sulfanilic Acid* and *Polyvinyl Alcohol from the PRC* we have not valued water as a separate production input.

Comment 11

Respondents note that the Department only verified one of three respondents in this review, Zhong He Chemical Factory. Accordingly, respondents contend that it was inappropriate for the Department, in our preliminary results, to use the weights of bags at Zhong He in our calculations of all three companies in place of the values originally reported to the Department. Respondents contend that the Department should not assign the packing bag weights, revised from information gained at verification of Zhong He, to the other factories. Respondent argues that there is no evidence that the packing bag weights that they submitted for Tianjin and Guangdong were incorrect.

Petitioner contends that the Department correctly used the verified weights of Zhong He's plastic bags as the weight for Handan's and Hengshui's plastic bags. Petitioner points out that the Department found at verification that Zhong He had under-reported the weight of its plastic bags. Petitioner also points to the fact that Handan reported the same weight as Zhong He and that Hengshui reported even lighter weights for plastic bags. Petitioner argues that the Department, using the facts available, correctly replaced the weights of the plastic bags reported by Handan and Hengshui with the verified weights.

Department Position

We agree with respondents. Each responding company submitted differing weights for its packing bags, indicating that each company uses different bags for packing. Therefore, for our final results, we have used the revised Zhong He packing bag weights for Zhong He only. For Handan and Hengshui, we have used packing bag weights reported on March 22, 1996.

Comment 12

Respondents maintain that the value we used from *Chemical Weekly* for caustic soda is based on a 100 percent purity value. Respondents contend that the three responding factories all use caustic soda of considerably less than 100 percent purity. Therefore, respondents maintain that to properly value the caustic soda used by the three

factories, the Department should multiply the *Chemical Weekly* price (exclusive of tax) by the purity percentage for each factory. See *Polyvinyl Alcohol from the PRC.*

Department Position

We agree with respondents and have adjusted for caustic soda purity levels.

Comment 13

Petitioner states that the Department incorrectly used a value for Indian oxalic acid, instead of sebacic acid, in our by-product/co-product analysis. Additionally, petitioner argues that the Department erroneously misplaced the decimal point in calculating the actual value of oxalic acid. Petitioner concludes that correcting this error shows that oxalic acid should not serve as a surrogate for sebacic acid because of the relative value of oxalic acid compared to the values for the three subsidiary products. Petitioner also protests the use of an oxalic acid value based on imports from the PRC to India. Petitioner argues that it is inconsistent with Department practice to use a value from an NME as a surrogate value. Due to these concerns, petitioner contends that the Department should use the import value of sebacic acid from Japan into India rather than the Indian oxalic acid value from the PRC.

Respondents contend that the Department should not use the Japanese sebacic acid value, as suggested by petitioner. Respondents cite the *Chemical Marketing Reporter* and a fax from Ivanhoe Industries, a U.S. importer of subject merchandise, to argue that the Japanese value does not reflect the actual price of normal sebacic acid in India. According to the *Chemical Marketing Reporter,* the U.S. price for sebacic acid is between $2.04 to $2.05 per pound. However, using the Indian import price for sebacic acid from Japan indicates that the price is almost $5.00/lb. for the Japanese imports into India. According to John Hoegl of Ivanhoe Industries, the sebacic acid from Japan is a special repurified grade, which is higher in quality than either Chinese or Union Camp products, and is sold at premium prices to specific end users.

Department Position

We agree with petitioner in part. It is inconsistent with Department practice to use a surrogate value from a non-market economy country (*e.g.*, PRC). Additionally, we agree with respondents that the Indian import value from Japan overstates the value of the product. Therefore, we selected the Indian import value for sebacic acid from the United States as our surrogate value for sebacic acid to determine whether the subsidiary products are by-products or co-products.

Comment 14

Petitioner contends that if Zhong He used benzene sulfuric acid in its production of sebacic acid, as the Department found at verification, the Department must include a value for benzene sulfuric acid in its factors of production calculation.

Department Position

We agree with petitioner. However, as neither petitioner nor Zhong He provided a publicly available value for benzene sulfuric acid, we have used an average value for benzene from Indian Chemical Weekly, contemporaneous with the POR.

Comment 15

The Department derived the value of caustic soda from the Indian *Chemical Weekly*. Petitioner states that the selected values indicate a price of Rs 9.50/kg for the weeks between October 25, 1994 and February 1, 1995. Petitioner also states that no other prices are given for 1995 until April 12, 1995, when the price for caustic soda (lye) is reported as Rs 21.50/kg. Petitioner argues that the Department failed to factor this increase in the caustic soda price. Petitioner maintains that the Department should average the two values and use the price of Rs 15.5/kg in its calculations.

Respondents argue that the *Chemical Weekly* price of Rs 9.5 was from five months (October, November, and December 1994; January and February 1995), whereas the price of Rs 21.5 was only documented for one month, April 1995. Therefore, respondents contend that an average accounting for the months each value was reported should be used, *i.e.*, Rs 11.50/kg. Respondents argue that this price should then be converted to a tax-exclusive basis and multiplied by the purity percentage applicable to each factory.

Department Position

We examined all copies of the Indian *Chemical Weekly* for the POR available to the Department. We found 27 values for caustic soda (lye) between October 19, 1994 and June 28, 1995. A simple average of these values is Rs 14.59/kg. We have used this value in our calculations.

Comment 16

The Department based the price of zinc oxide upon the published market prices reported in *Chemical Weekly*. *See*, Final Analysis Memorandum. Respondents provided market price information for zinc oxide on March 28, 1995. Petitioner argues that the price for zinc oxide reported on four other dates in *Chemical Weekly* are significantly higher than the Rs 48/kg figure submitted by respondents. Petitioner maintains that the Department should use the higher price of Rs 75/kg as the surrogate price for zinc oxide as it represents a wider range over the POR rather than one price for one date during the POR.

Department Position

We agree with petitioner in part and have revised our surrogate value for zinc oxide. We have used an average of all reported values for zinc oxide in the POR for our final results.

Comment 17

Petitioner contends that the value for coal used by the Department in its calculations is not contemporaneous with the POR. Petitioner contends the Department should use the steam coal value of Rs 1461.87/mt from the *Polyvinyl Alcohol from the PRC* investigation because it is contemporaneous to the POR and publicly available information.

Respondents argue that the alternative proposed by petitioner should be rejected because it is less representative than the *Gazette of India* data, used in the preliminary results. Respondents argue that the *Polyvinyl Alcohol from the PRC* value was based on the average value from only two Indian companies. Respondents argue alternatively, the *Gazette of India* data, based on all but five Indian states, is much more representative than the *Polyvinyl Alcohol from the PRC* data because the former is basically an average for the entire country while the latter is from just two companies (selected by petitioner) which may be located in high cost areas. Respondents also argue that the *Polyvinyl Alcohol from the PRC* values should be rejected because the tax and freight status of these prices is unknown, thereby prohibiting the Department from making appropriate adjustments to these coal values.

Department Position

We agree with respondents. Consistent with *Sulfanilic Acid*, we used the *Gazette of India* data in our final results calculations. As we did in our preliminary results, we are adjusting the June 16, 1994 coal value to account for inflation.

Comment 18

In the Analysis Memorandum the Department stated that it used an electricity value from the July 1995 *Current Energy Scene in India*. However, in the Memo to the File, the Department included different electricity values from ''State-wise Electricity Rates for Different Categories of Consumers'' from *India's Energy Sector*, Centre for Monitoring Indian Economy (July 1995). This publication includes three values for electricity, one each for small, medium and large industries. Petitioner contends that the Department should use the value for medium industries, Rs 1.92/kwh, rather than the Rs 0.732/kwh used in the preliminary results of review. Petitioner maintains that the medium industry rate is applicable because all respondents reported using more than 14,600/kwh/month (medium industries) but less than 2,190,000/kwh/month (large industries).

Department Position

We agree with petitioner and have used the electricity value for medium industries in our calculations for the final results.

Comment 19

Petitioner maintains that, for Hengshui, the Department used an incorrect freight rate for plastic bags. Petitioner contends that the Department used a freight rate of Rs 250 rather than the correct rate of Rs 750 listed in the freight calculation charts.

Department Position

We agree with petitioner and have used the rate of Rs 750 in our calculations for the final results.

Comment 20

In its preliminary results, the Department used ocean freight information provided by respondents from common rates tariff filed by Nippon Yusen Kaisha with the Federal Maritime Commission for rates from China to New York. Petitioner contends that this rate does not include appropriate delivery destination and fuel adjustment factor charges. Therefore, petitioner argues that the Department should use the rate from the LTFV investigation because it does include these charges and more accurately reflects ocean freight charges.

Respondents contend that the Department should exclude the delivery destination charge of $485.00 except for shipments to inland destinations. Respondents suggest that the Department check directly with the Federal Maritime Commission or a freight company to determine the freight rates for this product.

Department Position

We contacted the Federal Maritime Commission to request additional information about the ocean freight charge respondents submitted for this review. In addition to the $1705 charge respondents reported, our research indicates that a $485 delivery destination charge and a $62 fuel adjustment factor should be included as ocean freight expenses as they are assessed on all shipments. We chose to use the sum of these charges ($2252) in our final results, rather than the rate used in the LTFV investigation as the new figure is contemporaneous with the POR.

Comment 21

Petitioner contends that the Department failed to adjust the foreign brokerage and handling expense for inflation.

Department Position

We agree with petitioner and have adjusted foreign brokerage and handling for inflation in our calculations of the final results.

Comment 22

Petitioner maintains that if the Department insists on categorizing capryl alcohol as a co-product rather than a by-product, the Department should allocate capryl alcohol based on its value relative to sebacic acid rather than its quantity relative to sebacic acid. Petitioner contends that allocations based on quantity can lead to significant distortions. Petitioner argues that sebacic acid and capryl alcohol have significantly different revenue-producing powers. Therefore, citing the *Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan*, 61 FR 14064, 14071 (March 29, 1996) (*Polyvinyl Alcohol from Taiwan*), petitioner contends that the co-product allocation should be based on value rather than volume.

Department Position

Consistent with *Polyvinyl Alcohol from Taiwan* we based our determination of co-products and by-products on their value relative to sebacic acid rather than their volume. Although that case was a market economy case, in both that case and the present case, sebacic acid has a significantly higher per-unit value than any of the subsidiary products. Therefore, production costs should be allocated to the co-products based upon their relative sales values. As in *Polyvinyl Alcohol from Taiwan*, we found that basing the allocation of costs solely on production volume ignores the vastly different revenue-producing powers of joint products (*i.e.*, sebacic acid and the co-products). *See* Final Analysis Memorandum.

Final Results of Review

As a result of our review of the comments received, we have changed the results from those presented in our preliminary results of review. Therefore, we determine that the following margins exist as a result of our review:

Manufacturer/exporter	Time period	Margin (percent)
Tianjin Chemicals I/E Corp.	7/13/94–6/30/95	0
Guangdong Chemicals I/E Corp.	7/13/94–6/30/95	13.54
Sinochem International Chemicals Corp.	7/13/94–6/30/95	70.54
PRC Rate	7/13/94–6/30/95	243.40

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between U.S. 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 cash deposit requirements will be effective upon publication of these final results for all shipments of sebacic acid from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Act: (1) For Tianjin, Guangdong, and SICC, which have separate rates, the cash deposit rates will be the company-specific rates stated above; (2) for the company which

did not respond to our questionnaire (Jiangsu), and for all other PRC exporters, the cash deposit rate will be the PRC rate stated above; (3) for non-PRC exporters of subject merchandise from the PRC, the cash deposit rate will be the rate applicable to the PRC supplier of that exporter.

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

Notification of Interested Parties

This notice also 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 a reminder to parties subject to administrative protective orders (APOs) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d)(1). Timely written notification of the 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 section 353.22 of the Department's regulations.

Dated: February 28, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–5711 Filed 3–6–97; 8:45 am]

BILLING CODE 3510–DS–P

[A–351–806]

Silicon Metal From Brazil; Extension of Time Limit for Antidumping Duty Administrative Review

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

ACTION: Notice of extension of time limit for antidumping duty administrative review.

SUMMARY: The Department of Commerce (the Department) is extending the time limits for its preliminary results in the administrative review of the antidumping order on silicon metal from Brazil. The review covers the period July 1, 1995, through June 30, 1996.

EFFECTIVE DATE: March 7, 1997.

FOR FURTHER INFORMATION CONTACT: Alexander Braier or James Doyle, AD/CVD Enforcement, Group III, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Ave. N.W., Washington, D.C. 20230; telephone: (202) 482–3818.

SUPPLEMENTARY INFORMATION: Because it is not practicable to complete this review within the original time limit, the Department is extending the time limit for the completion of the preliminary results to May 14, 1997, in accordance with section 751(a)(3)(A) of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (URAA). (See Memorandum from Joseph A. Spetrini to Robert S. LaRussa on file in the public file of the Central Records Unit, Room B–099 of the Department of Commerce).

This extension is in accordance with section 751(a)(3)(A) of the Tariff Act of 1930, as amended by the URAA (19 USC 1675(a)(3)(A)).

Dated: February 5, 1997.

Joseph A. Spetrini,

Deputy Assistant Secretary, Enforcement Group III.

[FR Doc. 97–5626 Filed 3–6–97; 8:45 am]

BILLING CODE 3510–DS–P

[A–533–810]

Stainless Steel Bar From India: Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Notice of preliminary results of antidumping duty administrative review: Stainless steel bar from India.

SUMMARY: The Department of Commerce (''the Department'') is conducting an administrative review of the antidumping duty order on stainless steel bar from India in response to a request by one manufacturer/exporter, Isibars Limited (''Isibars'). This review covers sales of the subject merchandise to the United States during the period August 4, 1994 through January 31, 1996.

We have preliminarily determined that sales have not been made below normal value (''NV'). If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to liquidate subject entries without regard to antidumping duties.

Interested parties are invited to comment on these preliminary results. Parties who submit argument are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument.

EFFECTIVE DATE: March 7, 1997.

FOR FURTHER INFORMATION CONTACT: Jennifer Yeske or Zak Smith, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington D.C. 20230; telephone (202) 482–0189 or (202) 482–1279, respectively.

Applicable Statute and Regulations

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. 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).

SUPPLEMENTARY INFORMATION:

Background

On February 29, 1996, the Department received a request from Isibars to conduct an administrative review of the antidumping duty order on stainless steel bar from India. The Department published in the Federal Register, on March 19, 1996, a notice of initiation of an administrative review of Isibars covering the period August 4, 1994 through January 31, 1996 (61 FR 11184). In a notice published on August 20, 1996, the Department extended the time limit for the preliminary results of the review until February 28, 1997 (61 FR 43042). The Department is now conducting this review in accordance with section 751 of the Act and section 353.22 of its interim regulations.

Scope of Review

Imports covered by this review are shipments of stainless steel bar (''SSB''). SSB means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. SSB includes cold-