will apply to products that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. For these entries, the Customs Service will require a cash deposit or posting of a bond equal to the weighted-average amount by which the normal value exceeds the export price as shown below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average percent margin
Samsung	[1] 1.59
Hyundai	3.38
LG Semicon [2]	[2] 55.36
All others	3.38

[1] De minimis.
[2] Facts Available Rate.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threatening material injury to, a U.S. industry.

Public Comment

Case briefs or other written comments in at least six copies must be submitted to the Assistant Secretary for Import Administration no later than December 29, 1997; and rebuttal briefs, no latter than January 5, 1997. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. The summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to give interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on January 7, 1998; time and room to be determined; at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within ten days of the publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by February 5, 1998.

This determination is published pursuant to sections 773(f) and 777(i) of the Act.

Dated: September 23, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97–25942 Filed 9–30–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–583–827]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Static Random Access Memory Semiconductors From Taiwan

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

EFFECTIVE DATE: October 1, 1997.

FOR FURTHER INFORMATION CONTACT: Shawn Thompson or David Genovese, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1776 or (202) 482–0498, respectively.

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 353 (April 1, 1996).

Preliminary Determination

We preliminarily determine that static random access memory semiconductors (SRAMs) from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the initiation of this investigation *(Notice of Initiation of Antidumping Duty Investigations: SRAMs from the Republic of Korea and Taiwan* (62 FR 13596, March 21, 1997)), the following events have occurred:

During March and April 1997, the Department obtained information from the American Institute in Taiwan identifying potential producers and/or exporters of the subject merchandise to the United States. Based on this information, in April 1997, the Department issued antidumping questionnaires to 22 companies.[1]

Also in April 1997, the United States International Trade Commission (ITC) issued an affirmative preliminary injury determination in this case (*see* ITC Investigation No. 731–TA–761–762).

In May 1997, the Department received responses to Section A of the questionnaire from 18 of the 22 companies. Three of the remaining companies, Advanced Microelectronics, BIT, and Texas-Instruments, did not submit responses to Section A. Therefore, we have assigned a margin to these companies based on facts available. (See the ''Facts Available'' section below, for further discussion.) Regarding the fourth company, Lien Hsing, we were notified by one of the respondents in this investigation that it had received the questionnaire addressed to Lien Hsing, but that it was unaware of the existence of this company. Because Lien Hsing never received the Department's questionnaire and we found no way in which to locate and serve it with the questionnaire, no adverse inference is warranted with respect to it.

Based on the information received from the 18 responding companies, in May 1997, the Department determined that it did not have the administrative resources to investigate all known producers and/or exporters of SRAMs

[1] These companies are as follows: (1) Advanced Microelectronics Products Inc. (Advanced Microelectronics); (2) Alliance Semiconductor Corp. (Alliance); (3) Asia Specific Technology Limited; (4) Best Integrated Technology, Inc. (BIT); (5) Chia Hsin Livestock Corp.; (6) E–CMOS Technology Corporation; (7) Etron Technology, Inc.; (8) G–Link Technology Corp.; (9) Holtek Microelectronics Inc.; (10) Hualon Microelectronics Corporation; (11) Integrated Silicon Solution (Taiwan) Inc. (ISSI); (12) Kes Rood Technology Taiwan Ltd.; (13) Lien Hsing Integrated Circuits (Lien Hsing); (14) Macronix International Co., Ltd.; (15) Mosel-Vitelic, Inc.; (16) Taiwan Memory Technology, Inc.; (17) Taiwan Semiconductor Manufacturing Corporation (TSMC); (18) Texas Instruments-Acer Inc. (Texas Instruments); (19) United Microelectronics Corporation (UMC); (20) Utron Technology, Inc.; (21) Vanguard International Semiconductor Corporation; and (22) Winbond Electronics Corporation (Winbond).

during the period of investigation (POI). Accordingly, we decided to limit the number of mandatory respondents in this investigation to the five companies that we believed had the largest sales volumes of SRAMs to the United States during the POI, pursuant to section 777A(c) of the Act. These companies are Alliance, ISSI, TSMC, UMC, and Winbond (hereinafter ''respondents''). For a more detailed discussion regarding this issue, see the memorandum to Louis Apple from the Team, dated May 21, 1997.

Respondents submitted questionnaire responses in June 1997. We issued supplemental questionnaires to these companies in July 1997, and received responses to these questionnaires in August 1997. Based on a review of these responses, we have excluded TSMC from our analysis in this investigation. For a discussion of this issue, see the memorandum to Louis Apple from the Team, dated September 23, 1997.

Pursuant to section 735(a)(2)(A) of the Act, on August 14, 1997, one of the respondents, Winbond, requested that, in the event of an affirmative preliminary determination in this investigation, the Department postponed its final determination until no later than 135 days after the publication of this notice in the **Federal Register**. For further discussion, see the ''Postponement of Final Determination and Extension of Provisional Measures'' section of this notice.

In September 1997, Alliance submitted revised sales and cost databases at the Department's request.

Facts Available

Three interested parties in this investigation, Advanced Microelectronics, BIT, and Texas Instruments, failed to respond to the Department's requests for information. Specifically, these companies did not provide a response to the Department's questionnaire issued in April 1997.

Section 776(a)(2) of the Act provides that if an interested party: (1) Withholds information that has been requested by the Department, (2) fails to provide such information in a timely manner or in the form or manner requested, (3) significantly impedes a determination under the antidumping statute, or (4) provides such information but the information cannot be verified, the Department shall, subject to subsections 782(c)(1) and (e) of the Act, use facts otherwise available in reaching the applicable determination. Because Advanced Microelectronics, BIT, and Texas Instruments failed to respond to the Department's questionnaire and because subsections (c)(1) and (e) do not apply with respect to these companies, we must use facts otherwise available to calculate their dumping margins.

Section 776(b) of the Act provides that adverse inferences may be used against a party that has failed to cooperate by not acting to the best of its ability to comply with requests for information. *See also* Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 316, 103d Cong., 2d Sess. 870 (SAA). The failure of Advanced Microelectronics, BIT, and Texas Instruments to reply to the Department's questionnaires or to provide a satisfactory explanation of their conduct demonstrates that they have failed to act to the best of their ability in this investigation. Thus, the Department has determined that, in selecting among the facts otherwise available to these companies, an adverse inference is warranted. As facts otherwise available, we are assigning to Advanced Microelectronics, BIT, and Texas Instruments the highest margin stated in the notice of initiation, 113.85 percent.

Section 776(c) of the Act provides that, when the Department relies on secondary information (such as the petition) in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. When analyzing the petition, the Department reviewed all of the data the petitioner relied upon in calculating the estimated dumping margins, and adjusted those calculations where necessary. *See* Initiation Checklist, dated March 17, 1997. These estimated dumping margins were based on a comparison of constructed value (CV) to U.S. price, the latter of which was based on price quotations offered by two Taiwanese companies. The estimated dumping margins, as recalculated by the Department, ranged from 93.54 to 113.85 percent. For purposes of corroboration, the Department re-examined the price information provided in the petition in light of information developed during the investigation and found that it has probative value. *See* the memorandum from the Team to Louis Apple dated September 23, 1997, for a detailed explanation of corroboration of the information in the petition.

Therefore, as adverse facts available, we are assigning to Advanced Microelectronics, BIT, and Texas Instruments the highest margin stated in the notice of initiation, 113.85 percent. This margin is higher than the margin calculated for any respondent in this investigation.

Postponement of Final Determination and Extension of Provisional Measures

Two of the respondents, Winbond and Alliance, requested on September 11 and 18, 1997, respectively, that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until no later than 135 days after the publication of this notice in the **Federal Register**, pursuant to section 735(a)(2)(A) of the Act. In accordance with 19 CFR section 353.20(b), because (1) our preliminary determination is affirmative, (2) Winbond and Alliance account for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting respondents' request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly (*see Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Open-End Spun Rayon Singles Yarn From Austria*, 62 FR 14399, 14400 (March 26, 1997); *Final Determination of Sales at Less Than Fair Value: Certain Pasta From Italy*, 61 FR 30326 (June 14, 1996)).

Scope of Investigation

The products covered by this investigation are synchronous, asynchronous, and specialty SRAMs from Taiwan, whether assembled or unassembled. Assembled SRAMs include all package types. Unassembled SRAMs include processed wafers or die, uncut die and cut die. Processed wafers produced in Taiwan, but packaged, or assembled into memory modules, in a third country, are included in the scope; processed wafers produced in a third country and assembled or packaged in Taiwan are not included in the scope.

The scope of this investigation includes modules containing SRAMs. Such modules include single in-line processing modules (SIPs), single in-line memory modules (SIMMs), dual in-line memory modules (DIMMs), memory cards, or other collections of SRAMs, whether unmounted or mounted on a circuit board.

The SRAMs within the scope of this investigation are classifiable under the subheadings 8542.13.8037 through 8542.13.8049, 8473.30.10 through 8473.30.90, and 8542.13.8005 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 investigation is dispositive.

Period of Investigation

The POI is January 1, 1996, through December 31, 1996.

Time Period for Cost and Price Comparisons

Section 777A(d) of the Act states that in an investigation, the Department will compare the weighted average of the normal values to the weighted average of the export prices/constructed export prices. Generally, the Department will compare sales and conduct the sales below cost test using annual averages. However, where prices have moved significantly over the course of the POI, it has been the Department's practice to use shorter time periods. *See, e.g., Final Determination of Sales at Less Than Fair Value: Erasable Programmable Read Only Memories (EPROMs) from Japan*, 51 FR 39680, 39682 (October 30, 1986), *Final Determination of Sales at Less Than Fair Value: Dynamic Random Access Memory Semiconductors of One Megabit and Above From the Republic of Korea*, 58 FR 15467, 15476 (March 23, 1993).

We invited comments from interested parties regarding this issue. An analysis of these comments revealed that all parties agreed that the SRAMs market experienced a significant and consistent price decline during the POI. Accordingly, in recognition of the significant and consistent price declines in the SRAMs market during the POI, the Department has compared prices and conducted the sales below cost test using quarterly data.[2]

Treatment of Foundry Sales and Elimination of TSMC as a Respondent

During the course of this investigation, we found that two of the five companies we had selected to be respondents, UMC and TSMC, acted as foundries for SRAMs design houses. As foundries, they manufactured processed SRAMs wafers according to designs provided by the design houses. Two of these design houses, Alliance and ISSI, were also selected to be respondents. The design houses arranged for the probing, testing, and assembly of the processed wafers into individual SRAMs that were subsequently sold to unaffiliated downstream purchasers.

At the time we selected respondents, we had not determined conclusively how the transaction between a design house and its foundry should be treated. *See* the memorandum from the Team to Louis Apple, dated May 15, 1997. We noted that, when the Department had had an opportunity to perform a thorough analysis of the respondents' responses to our questionnaire, the Department may conclude that the appropriate sales transaction to analyze is not the sale from the foundry to the design house, but the subsequent downstream sale of the encapsulated SRAMs to the United States.

When considering this issue for purposes of this determination, we determined that it was necessary to decide which entity, the foundry or the design house, was the manufacturer of the subject merchandise, and which entity controlled the ultimate sale of it. For guidance in making this determination, we relied on the Department's policy expressed in our proposed regulations which, while they are not our final regulations, state our policy on this issue. The proposed regulations state that: ''[w]here a party owning the components of subject merchandise has a subcontractor manufacture or assemble that merchandise for a fee, the Department will consider the owner to be the manufacturer, because that party has ultimate control over how the merchandise is produced and the manner in which it is ultimately sold. The Department will not consider the subcontractor to be the manufacturer or producer regardless of the proportion of production attributable to the subcontracted operation or the location of the subcontractor or owner of the good.'' *See Notice of Proposed Rulemaking and Request for Public Comment: Antidumping Duties; Countervailing Duties*, 61 FR 7308, 7330 (February 26, 1996).

We also reviewed section 351.401(h) of the Department's regulations which, while not applicable to this investigation, codifies past practice and current policy. Section 351.401(h) states that the Department ''will not consider a toller or subcontractor to be a manufacturer or producer where the toller or subcontractor does not acquire ownership, and does not control the relevant sale of, the subject merchandise or foreign like product.''

In reviewing and analyzing the information submitted by respondents concerning the relationship between the design houses and their foundries, we have found the following: the design house performs all of the product research and development for the SRAMs that are to be produced. The design house produces, or arranges and pays for the production of, the design mask. At all stages of production, it retains ownership of the proprietary design and design mask. The design house then subcontracts the production of processed wafers with a foundry and provides the foundry with the design mask. Design houses tell the foundry what and how much to make. The foundry agrees to dedicate a certain amount of its production capacity to the production of the processed wafers for the design house. The foundry has no right to sell those wafers to any party other than the design house unless the design house fails to pay for the wafers. Once the design house takes possession of the processed wafers, it arranges for the subsequent steps in the production process (*i.e.*, probing, testing, and assembly), then sells the encapsulated SRAMs to downstream customers.

The design of the processed wafer is not only an important part of the finished product, it is a substantial element of production and imparts the essential features of the product. The design defines the ultimate characteristics and performance of the subject merchandise and delineates the purposes for which it can be used. The foundries manufactured processed SRAMs wafers using the proprietary designs of the design houses during the POI. As such, they did not control the production of the processed wafers in question, but rather merely translated the design of other companies into actual products.

For purposes of this investigation, we have determined that the entity that controls and owns the SRAMs design, *i.e.*, the design house, controls the production, and ultimate sale, of the subject merchandise. Consequently, we have determined to disregard the foundry sales of UMC and TSMC for purposes of this investigation. Moreover, because all of TSMC's sales during the POI were foundry sales, we have determined that it should no longer be considered a respondent in this investigation. For a more detailed analysis of this decision, *see* the memorandum from the Team to Louis Apple, dated September 23, 1997, concerning the Treatment of Foundry Sales and the Elimination of TSMC as a Respondent.

Fair Value Comparisons

To determine whether sales of SRAMs from Taiwan to the United States were made at less than fair value, we compared the United States Price (USP) to the Normal Value (NV), as described in the ''United States Price'' and ''Normal Value'' sections of this notice, below. In accordance with section 777A(d)(1)(A)(i) of the Act, we

[2] In accordance with section 773(b)(2)(D) of the Act, we conducted the recovery of cost test using annual cost data.

calculated weighted-average USPs for comparison to weighted-average NVs.

In order to determine whether or not we should base price-averaging groups on customer types, we conducted an analysis of the prices submitted by respondents. This analysis does not indicate that there was a consistent and uniform difference in prices between customer types. Accordingly, we have not based price comparisons on customer types.

In making our comparisons, in accordance with section 771(16) of the Act, we considered all products sold in the home market, fitting the description specified in the ''Scope of Investigation'' section of this notice, above, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product, based on the characteristics listed in Sections B and C of the Department's antidumping questionnaire.

Regarding Alliance, because we found no home market sales at prices above the COP, we made no price-to-price comparisons. *See* the ''Normal Value'' section of this notice, below, for further discussion.

Regarding ISSI, because this company did not report cost or difference in merchandise information for certain products sold in the United States, there is insufficient information on the record to calculate a margin for these products. Accordingly, we based the margin for the sales in question on facts available. As facts available, we used the highest non-aberrational margin calculated for any other product.

Level of Trade and Constructed Export Price (CEP) Offset

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determined NV based on sales in the comparison market at the same level of trade as the export price (EP) or CEP. The NV level of trade is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive selling, general and administrative (SG&A) expenses and profit. For EP, it is also the level of the starting-price sale, which is usually from exporter to importer. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different level of trade than EP or CEP, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different level of trade, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a level of trade adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *See Certain Welded Carbon Steel Standard Pipes and Tubes From India: Preliminary Results of New Shipper Antidumping Duty Administrative Review*, 62 FR 23760, 23761 (May 1, 1997).

Only one of the respondents in this investigation, UMC, claimed that its home market sales were made at different levels of trade. Specifically, UMC claimed that its sales of branded SRAMs products to original equipment manufacturers (OEMs) and distributors were made at two distinct levels of trade because it provided greater customer support to, and performed more significant marketing functions for, its OEM customers. In particular, UMC stated that it met with OEM customers to assist them in qualifying UMC's products for particular applications and to discuss how UMC's products may meet the customer's current and future needs. Regarding marketing functions, UMC stated that its salesmen make regular on-site visits to OEM customers and attend trade shows primarily targeted at OEMs. However, UMC does not attend similar shows targeted at distributors.

We examined the selling activities at each reported marketing stage and found that there was no substantive difference in the selling functions performed by UMC at either of its claimed marketing stages. Consequently, we determine that only one level of trade exists with respect to sales made by UMC to all customers. For a detailed explanation of this analysis, see the memorandum from the Team to Louis Apple, dated September 23, 1997.

Because we have found that only one level of trade existed in the home market for all respondents during the POI, we conducted an analysis to determine whether a CEP offset was warranted for each respondent. In order to determine whether NV was established at a level of trade which constituted a more advanced state of distribution than the level of trade of the CEP, we compared the selling functions performed for home market sales with those performed with respect to the CEP (*i.e.*, excluding economic activities occurring in the United States). We found that all respondents performed most of the selling functions and services related to U.S. sales at their sales offices in the United States, and therefore, these selling functions are associated with those expenses which we deduct from the CEP starting price, as specified in section 772(d) of the Act. Regarding home market sales, respondents performed largely the same selling functions for sales to unaffiliated customers as were performed in the United States. Therefore, their sales in Taiwan were at a more advanced stage of marketing and distribution (*i.e.*, more remote from the factory) than the constructed U.S. level of trade, which represents an ex-factory price after the deduction of expenses associated with U.S. selling activities. However, because the respondents sell at only one home market level of trade, the difference in the level of trade cannot be quantified. Because the difference in the level of trade cannot be quantified, but the home market is at a more advanced level of trade, we have granted a CEP offset to all respondents.

United States Price

For UMC and Winbond, we based USP on EP, in accordance with section 772(a) of the Act, when the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation because CEP methodology was not otherwise indicated.

In addition, for all companies, where sales to the first unaffiliated purchaser took place after importation into the United States, we based USP on CEP, in accordance with section 772(b) of the Act.

We made company-specific adjustments as follows:

A. Alliance

We calculated CEP based on packed, FOB U.S. warehouse prices, to unaffiliated purchasers in the United States. We corrected gross unit price for clerical errors identified in Alliance's narrative response. We made deductions from the gross unit price, where appropriate, for discounts. We also made deductions for international freight (including air freight and U.S. Customs merchandise processing fees), where appropriate, pursuant to section 772(c)(2)(A) of the Act.

In accordance with section 772(d) (1) and (2) of the Act, we made additional

deductions for commissions, warranty and credit expenses, indirect selling expenses, inventory carrying costs, U.S. repacking expenses and U.S. further manufacturing costs. Regarding credit expenses, Alliance reported that it had not received payment for certain sales as of the date of its latest questionnaire response. As such, we based the date of payment for those sales on the date of the preliminary determination and recalculated credit expenses accordingly.

Pursuant to section 772(d)(3) of the Act, gross unit price was further reduced by an amount for profit, to arrive at CEP. In accordance with section 772(f) of the Act, the CEP profit rate was calculated using the expenses incurred by Alliance on its sales of the subject merchandise in the United States and foreign like product in the home market and the profit associated with those sales.

With regard to modules which were further-manufactured in the United States, we have based USP on the net price of the modules rather than the net price of the individual SRAMs included in the modules.

B. ISSI

We calculated CEP based on packed, FOB U.S. warehouse prices, to unaffiliated purchasers in the United States. We made deductions from the gross unit price, where appropriate, for discounts. We also made deductions for foreign inland freight, pre-sale warehousing expenses, foreign and U.S. inland insurance, foreign brokerage and handling, and international freight (including air freight, U.S. customs merchandise processing fees, and U.S. inland freight to ISSI's U.S. office), where appropriate, pursuant to section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, we made additional deductions for commissions, credit expenses, indirect selling expenses, inventory carrying costs, and U.S. repacking expenses. We recalculated credit expenses using the interest rate paid by ISSI (Taiwan) on its borrowings denominated in U.S. dollars. In addition, where ISSI had not received payment for certain sales as of the date of its latest questionnaire response, we based the date of payment for those sales on the date of the preliminary determination and recalculated credit expenses accordingly.

Pursuant to section 772(d)(3) of the Act, gross unit price was further reduced by an amount for profit, to arrive at CEP. In accordance with section 772(f) of the Act, the CEP profit rate was calculated using the expenses incurred by ISSI and its affiliate on their sales of the subject merchandise in the United States and foreign like product in the home market and the profit associated with those sales.

C. UMC

We calculated EP and CEP based on packed, FOB prices, to unaffiliated purchasers in the United States. We adjusted the gross unit price for billing adjustments and freight charges. We made deductions from the gross unit price, where appropriate, for discounts. We also made deductions for foreign inland freight, foreign brokerage and handling, and international freight, where appropriate, pursuant to section 772(c)(2)(A) of the Act.

Where USP was based on CEP, we made additional deductions, in accordance with section 772(d)(1) of the Act, for commissions, warranty and credit expenses, indirect selling expenses, and inventory carrying costs. Regarding credit expenses, UMC reported that it had not received payment for certain sales as of the date of its latest questionnaire response. Consequently, we based the date of payment for those sales on the date of the preliminary determination and recalculated credit expenses accordingly.

Pursuant to section 772(d)(3) of the Act, gross unit price was further reduced by an amount for profit, to arrive at CEP. In accordance with section 772(f) of the Act, the CEP profit rate was calculated using the expenses incurred by UMC and its affiliates on their sales of the subject merchandise in the United States and foreign like product in the home market and the profit associated with those sales.

D. Winbond

We calculated EP and CEP based on packed, delivered and FOB prices to unaffiliated purchasers in the United States. We made deductions from the gross unit price, where appropriate, for discounts. We also made deductions for foreign inland freight, pre-sale warehousing expenses, foreign inland insurance, foreign brokerage and handling, international freight (including air freight, U.S. inland freight from the port to Winbond's U.S. warehouse, U.S. brokerage and handling fees, and customs fees), international insurance, U.S. customs merchandise processing fees, and U.S. inland freight to customer, where appropriate, pursuant to section 772(c)(2)(A) of the Act.

Where USP was based on CEP, we made additional deductions, in accordance with section 772(d)(1) of the Act, for commissions, credit expenses, advertising expenses, warranty expenses, technical service expenses, indirect selling expenses, inventory carrying costs, and U.S. repacking expenses.

Pursuant to section 772(d)(3) of the Act, gross unit price was further reduced by an amount for profit, to arrive at CEP. In accordance with section 772(f) of the Act, the CEP profit rate was calculated using the expenses incurred by Winbond and its affiliates on their sales of the subject merchandise in the United States and foreign like product in the home market and the profit associated with those sales.

Normal Value

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared each respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Because each respondent's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was viable for each respondent.

Because UMC and Winbond reported home market sales to an affiliated party during the POI, as defined by section 771(4)(B) of the Act, we tested these sales to ensure that the affiliated party sales were at ''arm's length,'' in accordance with our practice. To conduct this test, we compared the gross unit prices of sales to affiliated and unaffiliated customers net of all movement charges, discounts and rebates, and packing, where appropriate. Based on the results of that test, we used the sales from UMC and Winbond to their affiliated parties because they were made at ''arm's length.''

Based on the cost allegation contained in the petition, the Department found reasonable grounds to believe or suspect that sales in the home market were made at prices below the cost of producing the merchandise, in accordance with section 773(b)(1) of the Act. As a result, the Department initiated an investigation to determine whether the respondents made home market sales during the POI at prices below their respective COPs within the meaning of section 773(b) of the Act.

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

Where possible, we used the respondents' reported COP amounts, adjusted as discussed below, to compute quarterly weighted-average COPs during the POI. In cases where there was no production within the same quarter as a given sale, we referred to the most recent quarter, prior to the sale, for which costs had been reported. In cases where there was no cost reported for either the same quarter as the sale, or a prior quarter, we used the reported costs from the closest subsequent quarter in which production occurred.

In their calculation of research and development expenses (R&D), three of the respondents, Alliance, ISSI, and Winbond, excluded from their calculation R&D incurred on certain semiconductor products. The fourth respondent, UMC, calculated R&D on a quarterly basis. For all respondents, we revised the R&D ratios to allocate the total amount of semiconductor R&D for the POI over the total cost of sales of semiconductor products sold during the POI, using an annual ratio. *See* the Concurrence memorandum from James Maeder to Louis Apple, dated September 23, 1997, for further discussion. We preliminarily determine that R&D related to semiconductors benefits all semiconductor products, and that allocation of R&D on a product-specific basis was not appropriate. In support of our methodology, we have placed on the record information regarding cross-fertilization of semiconductor R&D.

We compared the weighted-average quarterly COP figures to home market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below COP. On a product-specific basis, we compared the COP to the home market prices, less any applicable movement charges and discounts.

In determining whether to disregard home market sales made at prices below the COP, we examined (1) whether, within an extended period of time, such sales were made in substantial quantities, and (2) whether such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade.

Where 20 percent or more of a respondent's sales of a given product were at prices below the COP, we found that sales of that model were made in ''substantial quantities'' within an extended period of time, in accordance with section 773(b)(2) (B) and (C) of the Act. To determine whether prices were such as to provide for recovery of costs within a reasonable period of time, we tested whether the prices which were below the per unit cost of production at the time of the sale were above the weighted-average per-unit cost of production for the POI, in accordance with section 773(b)(2)(D). If they were, we disregarded below cost sales in determining NV.

In accordance with section 773(e) of the Act, we calculated CV based on the sum of each respondent's cost of materials, fabrication, SG&A, profit, and U.S. packing costs. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by each respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. Where respondents made no home market sales in the ordinary course of trade (*i.e.*, all sales were found to be below cost), we based profit and SG&A expenses on the weighted average of the profit and SG&A data computed for those respondents with home market sales of the foreign like product made in the ordinary course of trade.

We deducted from CV weighted-average home market direct selling expenses incurred on sales made in the ordinary course of trade. Where a company had no sales above COP, we based home market direct selling expenses on the weighted average selling expense data computed for those respondents with home market sales of the foreign like product in the ordinary course of trade. Company-specific calculations are discussed below.

A. Alliance

We relied on the reported COP and CV amounts except as noted above. Additionally, we did not rely on amounts reported by Alliance for SG&A and profit since all of Alliance's sales were made below the cost of production.

Because all of Alliance's home market sales were sold below COP, we based NV on CV. In addition to the adjustments to CV reported above, in accordance with section 773(a)(7)(B) of the Act, we granted a CEP offset adjustment and reduced CV by the amount of weight-averaged home market indirect selling expenses and commissions incurred by respondents with sales above the COP up to the amount of indirect expenses deducted from the CEP under 772(d)(1)(D).

B. ISSI

We relied on respondent's reported COP and CV amounts except as noted above. Additionally, we revised the reported general and administrative and R&D expense ratios to use the cost of sales figure from the audited financial statements as the denominator in these equations.

For those comparison products for which there were sales at prices above the COP, we based NV on delivered prices to home market customers. We made deductions for discounts, foreign inland freight, and insurance, where appropriate, pursuant to section 773(a)(6)(B) of the Act. We also made deductions for credit expenses and bank charges, pursuant to section 773(a)(6)(C)(iii) of the Act. Regarding credit expenses, ISSI reported that it had not received payment for certain sales as of the date of its latest questionnaire response. As such, we based the date of payment for those sales on the date of the preliminary determination and recalculated credit expenses accordingly.

We deducted home market indirect selling expenses, including inventory carrying costs and other indirect selling expenses, up to the amount of indirect selling expenses incurred on U.S. sales, in accordance with section 773(a)(7)(B) of the Act. In addition, we deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6) of the Act. Where appropriate, we made adjustments to NV to account for differences in physical characteristics of the merchandise, in accordance with 773(a)(6)(C)(ii) of the Act and 19 CFR 353.57. Where applicable, in accordance with 19 CFR section 353.56(b)(1), we offset any commission paid on a U.S. sale by reducing the NV by any home market commissions and indirect selling expenses remaining after the deduction for the CEP offset.

Where NV was based on CV, we deducted from CV the weighted-average home market direct selling expenses. In accordance with section 773(a)(7)(B) of the Act, we granted a CEP offset adjustment and reduced normal value by the amount of commissions and indirect selling expenses incurred by ISSI in Taiwan on sales of SRAMs in Taiwan, up to the amount of commissions and indirect selling expenses incurred on U.S. sales deducted from the CEP, in accordance with section 773(a)(7)(B) of the Act.

C. UMC

We relied on respondent's COP and CV amounts except as noted above.

Additionally, we calculated 1996 bonuses to directors, supervisors, and employees and included them in the cost of manufacturing. We revised the reported general and administrative expense to exclude foreign exchange gains. We revised the reported net financing expense ratio to include net foreign exchange gains related to accounts payable.

UMC has claimed a startup adjustment for a new fabrication facility under section 773(f)(1)(C)(ii) and (iii) of the Act. We conducted an analysis of the facts and have preliminarily granted the claimed startup adjustment. The SAA specifies two conditions for the application of a startup cost adjustment:

(1) The company used new production facilities or was producing a new product that required substantial additional investment; and

(2) Production levels were limited by technical factors associated with the initial phase of commercial production.

UMC appears to have met these threshold criteria by opening and using a new production facility whose production levels were limited by technical factors associated with the initial phase of production. In accordance with the Act, we replaced the unit production costs incurred during the startup period with the unit production costs incurred at the end of the startup period. This resulted in the exclusion of some costs which were incurred during the startup period from the actual cost calculation. The difference between the actual costs incurred and the costs calculated for purposes of the startup adjustment was amortized over the useful life of the machinery, subsequent to the startup phase. We also capitalized certain pre-production costs which were incurred before the new fabrication facility began production. We amortized these pre-production costs, beginning with the first month in which production took place, over the useful life of the machinery. *See* the memorandum to Louis Apple from Chris Marsh, dated September 23, 1997, for a detailed discussion of this issue.

For those comparison products for which there were sales at prices above the COP, we based NV on delivered and FOB prices to home market customers. For home market price-to-EP comparisons, we made deductions, where appropriate, for discounts, export duties, and foreign inland freight, in accordance with section 773(a)(6)(B) of the Act. Pursuant to section 773 (a)(6)(C)(iii) of the Act and 19 CFR section 353.56(a)(2), we made circumstance of sale adjustments, where appropriate, for differences in warranty and credit expenses. We did not allow an adjustment for home market commissions because we determined that they were not at ''arm's length.'' *See* the memorandum to Louis Apple from the Team dated September 23, 1997, for a detailed explanation.

For home market price-to-CEP comparisons, we made deductions, where appropriate, for discounts, export duties, and foreign inland freight, pursuant to section 773(a)(6)(B) of the Act. We also made deductions for warranty and credit expenses. We deducted home market indirect selling expenses, including inventory carrying costs, and other indirect selling expenses, up to the amount of indirect selling expenses incurred on U.S. sales, in accordance with 773(a)(7)(B) of the Act. Where applicable, in accordance with 19 CFR 353.56(b), we offset any commission paid on a U.S. sale by reducing the NV by any home market indirect selling expenses remaining after the deduction for the CEP offset.

For all price-to-price comparisons, we deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(6) of the Act. In addition, where appropriate, we made adjustments to NV to account for differences in physical characteristics of the merchandise, in accordance with 773(a)(6)(C)(ii) of the Act.

Where CV was compared to EP, we made circumstance of sale adjustments, where appropriate, for credit and warranty expenses and U.S. commissions in accordance with sections 773 (a)(6)(C)(iii) and (a)(8) of the Act. In accordance with section 773(a)(7)(B) of the Act, we granted a CEP offset adjustment and reduced normal value by the amount of commissions and indirect selling expenses incurred by UMC in Taiwan on sales of SRAMs in Taiwan, up to the amount of commissions and indirect selling expenses incurred on U.S. sales deducted from the CEP.

Where CV was compared to CEP, we deducted from CV, where appropriate, credit and warranty expenses. We also deducted indirect selling expenses, including inventory carrying costs and other indirect selling expenses, up to the amount of commissions and indirect selling expenses incurred on U.S. sales, in accordance with 773(a)(7)(B) of the Act.

D. Winbond

We relied on the reported COP and CV amounts except as noted above. Additionally, we reclassified production technology royalty expenses reported in the Sections B and C of our questionnaire as a cost of manufacturing. We included 1996 bonuses to directors, supervisors, and employees in the cost of manufacturing. We revised the reported general and administrative expense to exclude foreign exchange gains and to include miscellaneous income and expense. We revised the reported net financing expense ratio to include net foreign exchange gains related to accounts payable.

For those comparison products for which there were sales at prices above the COP, we based NV on delivered prices to home market customers.

For home market price-to-EP comparisons, we made deductions, where appropriate, for discounts, import duties and development fees paid on sales to customers outside of duty free zones, and home market movement charges including pre-sale warehouse expenses, foreign inland freight, brokerage and handling charges, and inland insurance. Pursuant to section 773 (a)(6)(C)(iii) of the Act, we made circumstance of sale adjustments, where appropriate, for differences in credit expenses (offset by the interest revenue actually received by the respondent), direct advertising expenses, warranty expenses, technical service expenses, and post-sale payments to a third-party customer.

For home market price-to-CEP comparisons, we made deductions for discounts, import duties and development fees paid on sales to customers outside of duty free zones, and home market movement charges including pre-sale warehouse expenses, foreign inland freight, brokerage and handling charges, and inland insurance, where appropriate, in accordance with section 773(a)(6)(B) of the Act. We also made deductions for credit expenses (offset by the interest revenue actually received by the respondent), direct advertising expenses, warranty expenses, technical service expenses, and post-sale payments to a third-party customer, pursuant to section 773(a)(6)(C)(iii) of the Act.

We deducted home market indirect selling expenses, including inventory carrying costs, other indirect selling expenses, up to the amount of indirect selling expenses incurred on U.S. sales, in accordance with section 773(a)(7)(B) of the Act. Where applicable, in accordance with 19 CFR section 353.56(b), we offset any commission paid on a U.S. sale by reducing the NV by any home market indirect selling expenses remaining after the deduction for the CEP offset.

For all price-to-price comparisons, we deducted home market packing costs and added U.S. packing costs, in

accordance with section 773(a)(6) of the Act. In addition, where appropriate, we made adjustments to NV to account for differences in physical characteristics of the merchandise, in accordance with section 773(a)(6)(C)(ii) of the Act.

Where CV was compared to EP, we deducted from CV the weighted-average home market direct selling expenses and added the weighted-average U.S. product-specific direct selling expenses in accordance with section 773 (a)(6)(C)(iii) of the Act.

Where CV was compared to CEP, we deducted from CV the weighted-average home market direct selling expenses. In accordance with section 773(a)(7)(B) of the Act, we granted a CEP offset adjustment and reduced normal value by the amount of indirect selling expenses, including inventory carrying costs and other indirect selling expenses, up to the amount of indirect selling expenses incurred on U.S. sales deducted from the CEP.

Currency Conversion

We made currency conversions into U.S. dollars based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Section 773A(a) directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we substitute the benchmark rate for the daily rate, in accordance with established practice. Further, section 773A(b) directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see *Policy Bulletin 96–1: Currency Conversions* (61 FR 9434, March 8, 1996).) Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar. The use of an adjustment period was not warranted in this case because the New Taiwan dollar did not undergo a sustained movement.

Verification

As provided in section 782(i) of the Act, we will verify all information determined to be acceptable for use in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the U.S. price, as indicated in the chart below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Advanced Microelectronics	113.85
Alliance	59.06
BIT	113.85
ISSI	10.96
Texas Instruments	113.85
UMC	63.36
Winbond	94.10
All Others	41.30

Pursuant to section 735(c)(5)(A) of the Act, the Department has excluded the margins determined entirely under section 776 of the Act from the calculation of the ''All Others Rate.''

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than December 18, 1997, and rebuttal briefs no later than December 22, 1997. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on December 23, 1997, time and room to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within ten days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by no later than 135 days after the publication of this notice in the **Federal Register**.

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

Dated: September 23, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97–25943 Filed 9–30–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–421–701]

Brass Sheet and Strip From the Netherlands: 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 May 12, 1997, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on brass sheet and strip from the Netherlands. This review covers sales to the United States by one manufacturer/exporter, Outokumpu Copper Strip B.V. (OBV), and its U.S. affiliate, Outokumpu Copper (USA), Inc., of the subject merchandise during the period of