

Final Results of Review; Partial Revocation of Antidumping Duty Order

The affirmative statement of no interest by petitioners in glass-lined seamless pressure pipe from Brazil constitutes changed circumstances sufficient to warrant partial revocation of this order. Therefore, the Department is partially revoking the order on small diameter circular seamless carbon and alloy steel standard, line and pressure pipe from Brazil with respect to certain glass-lined seamless pressure pipe as described above, in accordance with sections 751(b) and 782(h) of the Act and 19 CFR 351.216(d)(1). This partial revocation applies to all unliquidated entries of the subject glass-lined seamless pressure pipe not covered by the final result of an administrative review.

The Department will instruct the U.S. Customs Service to proceed with liquidation, without regard to antidumping duties, of all unliquidated entries of certain glass-lined seamless pressure pipe as described above, in accordance with section 778 of the Act.

This changed circumstances administrative review, partial revocation of the antidumping duty order and notice are in accordance with sections 751 (b) and 782(h) of the Act and sections 351.216, 351.221(c)(3) and 351.222(g)(1)(i) of the Department's regulations.

Dated: July 2, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-601]

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Preliminary Results of 1996-1997 Antidumping Duty Administrative Review and New Shipper Review

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

ACTION: Notice of preliminary results of 1996-1997 antidumping duty administrative review and new shipper review of tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China.

SUMMARY: In an administrative review, we preliminarily determine that sales of

tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China, were made below normal value during the period June 1, 1996, through May 30, 1997. In a new shipper review, we preliminarily determine that sales of tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China, were not made below normal value during the period June 1, 1996, through May 30, 1997. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: July 10, 1998.

FOR FURTHER INFORMATION CONTACT: Zak Smith or Cynthia Thirumalai, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-1279 and (202) 482-4087, respectively.

SUPPLEMENTARY INFORMATION:

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, all references to the Department's regulations are to 19 CFR 353 (April 1997).

Background

On May 27, 1987, the Department of Commerce ("the Department") published in the **Federal Register** (52 FR 19748) the antidumping duty order on tapered roller bearings and parts thereof, finished and unfinished ("TRBs"), from the People's Republic of China ("PRC"). The Department notified interested parties of the opportunity to request an administrative review of this order on June 11, 1997 (62 FR 31786). The petitioner, The Timken Company, and one of the respondents, Luoyang Bearing Factory ("Luoyang"), requested that the Department conduct an administrative review. These requests were received on June 30, 1997. Thus, in accordance with 19 CFR 353.22(c), we published a notice of initiation of this antidumping duty administrative review on August 1, 1997 (62 FR 41339).

In addition to the administrative review, on May 30, 1997, Zhejiang Changshan Bearing (Group) Co., Ltd. ("ZX") requested that we conduct a new shipper review. We published a notice of initiation of this new shipper administrative review on August 14, 1997 (62 FR 43514). This new shipper review covers the same period as the

normal administrative review: June 1, 1996, through May 30, 1997.

On September 23, 1997, we sent a questionnaire to the Secretary General of the Basic Machinery Division of the Chamber of Commerce for Import & Export of Machinery and Electronics Products and requested that the questionnaire be forwarded to all PRC companies identified in our initiation notice and to any subsidiary companies of the named companies that produce and/or export the subject merchandise. In this letter we also requested information relevant to the issue of whether the companies named in the initiation request are independent from government control. See the *Separate Rates* section, below. Courtesy copies of the questionnaire were also sent to companies with legal representation and to companies listed in the initiation notice for which we were able to obtain addresses.

We received responses to the questionnaire from the following ten companies: Peer Bearing Company/Chin Jun Industrial, Ltd. ("Chin Jun"), Wafangdian Bearing Factory ("Wafangdian"), China National Machinery Import & Export Corporation ("CMC"), Liaoning MEC Group Company ("Liaoning"), Luoyang, Zhejiang Machinery Import & Export Corporation ("Zhejiang"), Wanxiang Group Corporation ("Wanxiang"), Premier Bearing & Equipment ("Premier"), and Xiangfan Machinery Foreign Trade Corporation ("Xiangfan"), as respondents in the administrative review, and ZX, as the respondent in the new shipper review.

The Department is conducting this administrative review and new shipper review in accordance with section 751 of the Act.

Scope of Review

Merchandise covered by this review includes TRBs and parts thereof, finished and unfinished, from the PRC; flange, take up cartridge, and hanger units incorporating tapered roller bearings; and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. This merchandise is classifiable under the Harmonized Tariff Schedule of the United States ("HTSUS") item numbers 8482.20.00, 8482.91.00.50, 8482.99.30, 8483.20.40, 8483.20.80, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.80, 8708.99.80.15, and 8708.99.80.80. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope of the order and this review is dispositive.

Verification

As provided in section 782(i) of the Act, we verified information provided by Wafangdian, CMC, Xiangfan, ZX and Luoyang as well as certain subcontractors, using standard verification procedures, including on-site inspection of manufacturers' facilities, the examination of relevant cost data and financial records, and selection of original documentation containing relevant information. Our verification results are outlined in the public and business proprietary versions of the verification reports.

Separate Rates Determination

To establish whether a company operating in a state-controlled economy is sufficiently independent to be entitled to a separate rate, the Department analyzes each exporting entity under the test established in the Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China, 56 FR 20588 (May 6, 1991) ("Sparklers"), as amplified by the Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China, 59 FR 22585 (May 2, 1994) ("Silicon Carbide"). Under this policy, exporters in non market economies ("NMEs") are entitled to separate, company-specific margins when they can demonstrate an absence of government control, both in law and in fact, with respect to export activities. Evidence supporting, though not requiring, a finding of de jure absence of government control over export activities includes: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and, (3) any other formal measures by the government decentralizing control of companies. De facto absence of government control over exports is based on four factors: (1) whether each exporter sets its own export prices independently of the government and without the approval of a government authority; (2) whether each exporter retains the proceeds from its sales and makes independent decisions regarding the disposition of profits or financing of losses; (3) whether each exporter has the authority to negotiate and sign contracts and other agreements; and, (4) whether each exporter has autonomy from the government regarding the selection of management (see, Silicon Carbide, 59 FR at 22587 and Sparklers, 56 FR at 20589).

In previous administrative reviews of the antidumping duty order on TRBs from the PRC we determined that Wafangdian, CMC, Liaoning, Luoyang, Zhejiang, Wanxiang, and Xiangfan merited separate rates (see, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of Antidumping Administrative Review, 62 FR 61276 (November 17, 1997) ("TRBs 95-96 Review"). We preliminarily determine that the evidence on the record of this review also demonstrates an absence of government control, both in law and in fact, with respect to these companies' exports according to the criteria identified in Sparklers and Silicon Carbide. Therefore, we have continued to assign each of these companies a separate rate.

Premier and Chin Jun are privately owned Hong Kong trading companies. Because we have determined that these firms, rather than their PRC-based suppliers, are the proper respondents with respect to their sales of TRBs to the United States, no separate-rates analyses of Premier's and Chin Jun's suppliers are necessary. See the *United States Sales* section, below.

Finally, as discussed below, the new shipper, ZX, also meets both the de jure and de facto criteria. Accordingly, we preliminarily determine to apply a separate rate to ZX.

ZX: De Jure Analysis

Information submitted during this review indicates that ZX is owned "by all the people of the People's Republic of China." In Silicon Carbide (59 FR at 22586), we found that the PRC government had devolved control of state-owned enterprises, i.e., enterprises owned "by all of the people." As a result, we determined that companies owned "by all of the people" were eligible for individual rates if they met the criteria developed in Sparklers and Silicon Carbide.

The following laws, which have been placed on the record in this case, indicate a lack of de jure government control over these companies, and establish that the responsibility for managing companies owned by "all of the people" has been transferred from the government to the enterprises themselves. These laws include: "Law of the PRC on Industrial Enterprises Owned by the Whole People," adopted on April 13, 1988 ("1988 Law"); "Regulations for Transformation of Operational Mechanism of State-Owned Industrial Enterprises," approved on August 23, 1992 ("1992 Regulations"); and the "Temporary Provisions for

Administration of Export Commodities," approved on December 21, 1992 ("Export Provisions"). The 1988 Law states that enterprises have the right to set their own prices (see Article 26). This principle was restated in the 1992 Regulations (see Article IX). Finally, the 1992 "Temporary Provisions for Administration of Export Commodities" lists those products subject to direct government control. TRBs do not appear on this list and therefore are not subject to the constraints of these provisions.

Consistent with Silicon Carbide, we preliminarily determine that the existence of these laws demonstrates that ZX, a company owned by "all of the people," is not subject to de jure government control with respect to export activities. In light of reports indicating that laws shifting control from the government to the enterprises themselves have not been implemented uniformly¹, an analysis of de facto control is critical in determining whether respondents are, in fact, subject to government control with respect to export activities.

ZX: De Facto Analysis

According to information provided by ZX, the company's pricing and export strategy decisions with respect to the subject merchandise are not subject to any entity's review or approval and there are no government policy directives that affect these decisions. ZX further claims that there are no restrictions on the use of its revenues or profits, including export earnings.

ZX further states that its general manager is selected by the company's board of directors. While the results of ZX's management selections are recorded with the Foreign Trade and Economic Cooperation Commission, there is no evidence that this commission controls the selection process or that it has rejected a general manager selected through the election process. ZX's general manager has the right to contractually bind the company in making sales of TRBs.

ZX also states that its sources of funds are its own revenues or bank loans. It has sole control over, and access to, its bank accounts, which are held in ZX's own name.

Based on our analysis of the foregoing evidence on the record, we find neither

¹ "PRC Government Findings on Enterprise Autonomy," in Foreign Broadcast Information Service—China—93-133 (July 14, 1993), and 1992 Central Intelligence Agency Report to the Joint Economic Committee, Hearings on Global Economic and Technological Change: Former Soviet Union and Eastern Europe and China, Pt. 2 (102 Cong., 2d Sess.).

de jure nor de facto government control over the export activities of ZX. Accordingly, we preliminarily determine that ZX is not part of the "PRC enterprise" under review and is entitled to a separate rate.

Separate-Rate Determinations for Non-Responsive Companies

We have determined that those companies for which we initiated a review and which did not respond to the questionnaire do not merit separate rates. See the *Use of Facts Otherwise Available* section, below.

Use of Facts Otherwise Available

We preliminarily determine that, in accordance with sections 776(a) and (b) of the Act, the use of adverse facts available is appropriate for all companies which did not respond to our requests for information. Furthermore, we preliminarily determine that Premier did not demonstrate that it cooperated to the best of its ability in providing certain information, and we have applied adverse facts available to calculate a portion of Premier's margin. Finally, we preliminarily determine that Chin Jun, CMC and Xiangfan cooperated to the best of their ability in providing information. Thus, for these companies, although we are using facts available, we have not relied on adverse information to calculate antidumping margins (for a complete discussion of the company specific facts available decisions see the Memorandum to Susan Kuhbach: "Facts Available," dated June 30, 1998).

1. Companies that did not respond to the questionnaire: Where the Department must base its determination on facts available because a respondent failed to cooperate by not acting to the best of its ability to comply with a request for information, section 776(b) of the Act authorizes the Department to use inferences adverse to the interests of that respondent in choosing facts available. Section 776(b) of the Act also authorizes the Department to use as adverse facts available information derived from the petition, the final determination, a previous administrative review, or other information placed on the record. Information from prior segments of the proceeding constitutes secondary information and section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate that secondary information from independent sources reasonably at its disposal. The Statement of Administrative Action ("SAA") provides that "corroborate" means

simply that the Department will satisfy itself that the secondary information to be used has probative value (see, H.R. Doc. 316, Vol. 1, 103d Cong., 2d Sess. 870 (1994)).

To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. However, unlike other types of information, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. Thus, in an administrative review, if the Department chooses as total adverse facts available a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period. With respect to the relevance aspect of corroboration, however, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render a margin inappropriate. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin (see, e.g., *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812, 6814 (Feb. 22, 1996) (where the Department disregarded the highest margin as adverse facts available because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin)).

We have preliminarily assigned a margin of 29.40 percent to those companies for which we initiated a review and which did not respond to the questionnaire. This margin, calculated for sales by Wafangdian Bearing Factory during the 1994-95 review, represents the highest overall margin calculated for any firm during any segment of this proceeding. As discussed above, it is not necessary to question the reliability of a calculated margin from a prior segment of the proceeding. Further, there are no circumstances indicating that this margin is inappropriate as adverse facts available. Therefore, we preliminarily find that the 29.40 percent rate is corroborated. As noted in the *Separate Rates Determination* section above, we have also preliminarily determined that the non-responsive companies do not merit separate rates. Therefore, the facts available for these companies forms the basis for the PRC rate, which is 29.40 percent for this review.

2. Premier: Premier, a Hong Kong-based reseller of TRBs, claims that it attempted to get factors of production

data from its suppliers. One supplier provided data, but the overwhelming majority did not. A second PRC bearing manufacturer, that was not a supplier of Premier, but produced certain models sold by Premier, agreed that Premier could submit its factors of production data. For the remaining models sold in the United States by Premier, no factors data was reported.

We have preliminarily determined that Premier has not demonstrated that it cooperated to the best of its ability to respond to our antidumping duty questionnaire. This preliminary finding is based on the fact that, while Premier has stated that it attempted to obtain factors data from its PRC-based suppliers, it has not provided evidence of these attempts or corresponding documentation of its suppliers' refusal to provide the requested information. Prior to the final results of review, we intend to seek documentation of Premier's claim that it attempted to solicit from all of its PRC-based suppliers the information requested in the questionnaire and to make a judgement as to whether Premier has acted to the best of its ability.

As in prior reviews, we have also preliminarily determined that there is little variation in factor utilization rates among the TRB producers from which we have received factors of production data (see, e.g., *TRBs 95-96 Review*). Therefore, as facts available, we have used the factors data provided by Premier, including information from manufacturers which did not supply Premier during the POR, when calculating normal value for those sales without supplier specific factors data. With respect to Premier's U.S. sales for which no factors data were reported, we are applying, as adverse facts available, a margin of 25.56 percent, the highest overall margin ever applicable to Premier. This approach is consistent with our final results in the prior review (see, *TRBs 95-96 Review*). As discussed above, it is not necessary to question the reliability of a calculated margin from a prior segment of the proceeding. Further, there are no circumstances indicating that this margin is inappropriate as adverse facts available. Therefore, we preliminarily find that the 25.56 percent rate is corroborated.

3. Chin Jun: Chin Jun, another Hong Kong-based reseller of TRBs, provided factors data from three of its PRC-based suppliers covering a substantial majority of its U.S. sales during the POR. For certain other models it sold to the United States, Chin Jun provided factors data from other PRC suppliers that did not supply Chin Jun during the POR. For the remainder of the models it sold

in the United States Chin Jun reported no factors data.

We preliminarily determine that Chin Jun has demonstrated that it cooperated to the best of its ability to respond to our antidumping duty questionnaire. This preliminary finding is based on the fact that Chin Jun has stated that it attempted to obtain from its PRC-based suppliers factors data for the remaining U.S. sales and has provided documentary evidence of such attempts. However, we intend to seek further clarification from Chin Jun about its actions to obtain factors data and to make a judgement as to whether its efforts were to the best of its ability.

As in prior reviews, we have also preliminarily determined that there is little variation in factor utilization rates among the TRB producers from which we have received factors of production data (see, e.g., *TRBs 95-96 Review*). Therefore, as facts available, we have used the factors data provided by the companies that supplied Chin Jun during the POR to Chin Jun's sales of models for which no supplier and model match was available. With respect to Chin Jun's U.S. sales for which no factors data were reported, because we have preliminarily determined that Chin Jun has cooperated to the best of its ability, we are applying, as facts available, the weighted-average margin calculated for those U.S. sales for which acceptable data were reported.

4. CMC: CMC did not report packing factors for bearings supplied by one of its suppliers. For these sales, we are applying, as facts available, the packing factors used for other CMC sales.

5. Xiangfan: At verification, we learned that Xiangfan had calculated its labor input using standard process time rather than the actual hours of employee time, and that this resulted in substantial under reporting of the labor factor. In addition, Xiangfan failed to report electricity consumed at one stage of the manufacturing process. As facts available, we used information collected at verification to recalculate the labor input and to increase the amount of electricity factor.

United States Sales

Both Chin Jun and Premier reported that they maintain inventories of TRBs in Hong Kong and sell TRBs worldwide. Therefore, their PRC-based suppliers have no knowledge when they sell to these firms that the shipments are destined for the United States. Accordingly, Chin Jun and Premier are the first parties to sell the merchandise to the United States and we have

calculated United States price based on their sales.

For sales made by Chin Jun, we based the U.S. sales on CEP in accordance with section 772(b) of the Act because the first sale to an unaffiliated purchaser occurred after importation of the merchandise into the United States. For sales made by Wafangdian, Liaoning, Luoyang, Zhejiang, Wanxiang, Premier, Xiangfan, and ZX (the new shipper), we based the U.S. sales on EP, in accordance with section 772(a) of the Act, because the subject merchandise was sold to unaffiliated purchasers in the United States prior to importation into the United States and because the CEP methodology was not indicated by other circumstances. CMC made both EP and CEP sales.

We calculated EP based on the FOB, CIF, or C&F port price to unaffiliated purchasers. From these prices we deducted amounts, where appropriate, for brokerage and handling, foreign inland freight, ocean freight, and marine insurance. We valued the deduction for foreign inland freight using surrogate data based on Indian freight costs. (We selected India as the surrogate country for the reasons explained in the *Normal Value* section of this notice.) When marine insurance and ocean freight were provided by PRC-owned companies, we valued the deductions using the surrogate data of international providers. When marine insurance and ocean freight were provided by market economy companies, we deducted the actual expense values reported by the respondents for these services.

We calculated CEP based on the packed, ex-warehouse price from the U.S. subsidiary to unaffiliated customers. We made deductions, where appropriate, from the starting price for CEP for international freight, foreign brokerage and handling, foreign inland freight, marine insurance, customs duties, U.S. brokerage, U.S. inland freight insurance and U.S. inland freight. In accordance with section 772(d)(1) of the Act, we made further deductions from the starting price for CEP for the following selling expenses that related to economic activity in the United States: commissions to unaffiliated resellers; credit expenses; indirect selling expenses, including inventory carrying costs; and repacking in the United States. In accordance with section 772(d)(3) of the Act, we have deducted from the starting price an amount for profit.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value ("NV") using a factors-of-

production methodology if: (1) the merchandise is exported from an NME, and (2) the information does not permit the calculation of NV under section 773(a) of the Act. The Department has treated the PRC as an NME in all previous antidumping cases. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment in this review. Moreover, parties to this proceeding have not argued that the PRC tapered roller bearing industry is a market-oriented industry. Consequently, we have no basis to determine that the information would permit the calculation of NV using PRC prices or costs. Therefore, except as noted below, we calculated NV based on factors of production in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c).

Although Premier and Chin Jun are Hong Kong companies, we also calculated NV for them based on factors-of-production data. We did not use these respondents' third-country sales in calculating NV because their PRC-based suppliers knew at the time of sale that the subject merchandise was destined for exportation. Section 773(a)(3)(A) of the Act provides that under such conditions NV may be determined in the country of origin of the subject merchandise.

Accordingly, we calculated NV for Premier and Chin Jun on the basis of PRC production inputs and surrogate country factor prices.

Under the factors of production methodology, we are required to value the NME producer's inputs in a comparable market economy country that is a significant producer of comparable merchandise. We chose India as the most comparable surrogate on the basis of the criteria set out in 19 CFR 353.52(b). See the Memorandum to Susan Kuhbach from Jeff May: "Tapered Roller Bearings ("TRBs") from the PRC: Non Market Economy Status and Surrogate Country Selection," dated December 5, 1997, for a further discussion of our surrogate selection. We chose Indonesia as a second-choice surrogate based on the same criteria. Also, information on the record indicates that both India and Indonesia are significant producers of TRBs.

We used publicly available information from India to value the various factors of production with the exception of the following: hot-rolled alloy steel bars for the production of cups and cones, and steel scrap from the production of cups and cones. For these

values we used publicly available information from Indonesia because we found the Indian data for those inputs unreliable (see, Memorandum to Susan Kuhbach: "Selection of a Surrogate Country and Steel Value Sources," dated June 30, 1998).

We valued the factors of production as follows (for a complete description of the factor values used, see the Memorandum to Susan Kuhbach: "Factors of Production Values Used for the Preliminary Results," dated June 30, 1998):

1. **Steel Inputs.** For hot-rolled alloy steel bars used in the production of cups and cones, we used import prices from the Harmonized Tariff Schedule ("HTS") category 7228.3000 obtained from the *Foreign Trade Statistical Bulletin* (January–October 1997), Imports, Jakarta, Indonesia. For cold-rolled steel rods used in the production of rollers and cold-rolled steel sheet for the production of cages, we used Indian import data under Indian tariff subheading 7228.50 and 7209.42 respectively. This data was obtained from the *Monthly Statistics of the Foreign Trade of India, Vol. II—Imports* (April 1995–March 1997). As in previous administrative reviews, we eliminated from our calculation steel imports from NME countries and imports from market economy countries that were made in small quantities. For steel used in the production of cups, cones, and rollers, we also excluded imports from countries that do not produce bearing quality steel (see, e.g., TRBs 95–96 Review). We made adjustments to include freight costs incurred using the shorter of the reported distances from either the closest PRC port to the TRBs factory, or from the domestic supplier to the TRBs factory (see, Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails From the People's Republic of China, 62 FR 51410 (October 1, 1997) and *Sigma Corporation v. United States*, 117 F. 3d 1401 (Fed. Cir. 1997)).

With the exception of data for steel used in the production of cages, the data obtained for steel inputs was from a period contemporaneous with the POR, thus no further adjustments were necessary. For the steel data used in the production of cages we inflated the weighted average per kilogram value by the Indian wholesale price index ("WPI") as published by the International Monetary Fund ("IMF").

Several companies in this review purchased steel from market economy suppliers and paid for the steel with market economy currencies. In these instances we valued the steel input

using the actual prices reported for imported inputs from a market economy (see, Memorandum to Richard Moreland: "Market Economy Inputs," dated June 30, 1998). Where the TRB producer purchased the steel from a PRC trading company and paid for the steel in Renminbi, we did not use the market economy price to the trading company and instead used surrogate data. This is consistent with Department policy. We note, however, that this policy has been challenged in the CIT and the Department is currently addressing it on remand (see, *Olympia Industrial, Inc. v. United States*, Slip-Op. 98–49 (CIT 1998)). In light of this, we will reexamine this issue prior to the final results of this review. We invite interested parties to comment.

We valued scrap recovered from the production of cups and cones using Indonesian import statistics from HTS category 7204.2900. Scrap recovered from the production of rollers and cages was valued using import data from the Indian tariff subheading 7204.29 and 7204.4100 respectively.

2. **Labor.** We calculated the labor input using wage information from the United Nations' *1996 Yearbook of Labour Statistics* ("YLS"). We adjusted these wages to reflect inflation through the POR using an Indian consumer price index ("CPI") published by the IMF. We used the CPI, rather than the WPI, for calculating the inflation adjustment to labor because the Department views the CPI as more representative of changes in wage rates, while the WPI is more representative of prices for material goods (see, e.g., Heavy Forged Hand Tools From the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews, 62 FR 11813, 11816 (March 13, 1997) and Manganese Metal from the People's Republic of China; Final Results and Partial Rescission of Antidumping Duty Administrative Review, 63 FR 12440, 12446 (March 13, 1998); see also, Memorandum to Susan Kuhbach: "Selection of surrogate labor wage rates for preliminary results of review," dated June 30, 1998).

3. **Overhead, SG&A Expenses, and Profit.** For factory overhead, we used information obtained from the fiscal year 1996–97 annual reports of eight Indian bearing producers. We calculated factory overhead and SG&A expenses (exclusive of labor and electricity) as percentages of direct inputs (also exclusive of labor) and applied it to each producer's direct input costs. For profit, we totaled the reported profit before taxes for the eight Indian bearing producers and divided it by the total calculated cost of production ("COP") of

goods sold. This percentage was applied to each respondent's total COP to derive a company-specific profit value (see, Memorandum to Susan Kuhbach: "Selection of overhead, SG&A and profit surrogate values for preliminary results of review," dated June 30, 1998).

4. **Packing.** For export packing, we used surrogate values for each packing material using values obtained from the *Monthly Statistics of the Foreign Trade of India, Vol. II—Imports by Commodity* (April 1996 through May 1997).

5. **Electricity.** For electricity costs, we used a simple average of 1995 regional electricity prices in India for large industries as reported in *India's Energy Sector*, September, 1996, published by the Centre for Monitoring Indian Economy Pvt. Ltd. We adjusted the value to reflect inflation through the POR using the WPI (see, also the Overhead, SG&A Expenses, and Profit section, above).

6. **Inland Freight.** We valued truck freight using a rate derived from the April 20, 1994 issue of *The Times of India*. We adjusted the rate to reflect inflation through the POR using the WPI. We valued rail freight using rates published by the Indian Railway Conference Association in 1995. We calculated an average rate per kilometer and adjusted the rate to reflect inflation through the POR using the WPI.

7. **Ocean Freight.** We calculated a value for ocean freight based on 1996 rate quotes from Maersk Inc. Because the information obtained was from a period contemporaneous with the POR, no further adjustments were necessary.

8. **Marine Insurance.** We calculated a value for marine insurance based on the CIF value of the TRBs shipped. We obtained the rate used through queries made directly to an international marine insurance provider.

Partial Termination of Review

The petitioner requested reviews for Far East Enterprising Company, Scanwell Consolidators, Ltd., Triumph Express Service Int'l Limited, Zhong Shan Transportation Co., Ltd., China Travel Service Limited, and Kenwa Shipping Co., Ltd. On October 6, 7, 17, 23, 30, and November 11, 1997, respectively, they reported no shipments of subject merchandise to the United States during the POR. We independently confirmed with U.S. Customs that there were no shipments from these companies. Therefore, we have terminated the review with respect to these companies (see, Calcium Hypochlorite From Japan: Termination of Antidumping Duty Administrative Review, 62 FR 18086 (April 14, 1997)).

Preliminary Results of the Review

We preliminarily determine that the following dumping margins exist for the period June 1, 1996, through May 30, 1997:

Manufacturer/exporter	Margin (per-cent)
Wafangdian	0.00
Luoyang	1.82
CMC	0.02
Xiangfan	14.93
Zhejiang	2.27
Wanxiang	0.00
Liaoning	0.68
Premier	3.99
Chin Jun	0.21
ZX (the new shipper)	0.00
PRC Rate	29.40

Parties to the proceeding may request disclosure within five days of the date of publication of this notice. Interested parties may also request a hearing within thirty days of publication. If requested, a hearing will be held 37 days after publication. Interested parties may submit case briefs within thirty days of publication. Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than five days after the case briefs. The Department will issue a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such briefs, within 120 days from the publication of these preliminary results.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. With respect to EP sales for these preliminary results, we divided the total dumping margins (calculated as the difference between NV and EP) for each importer/customer by the total number of units sold to that importer/customer. If these preliminary results are adopted in our final results of administrative and new shipper review, we will direct Customs to assess the resulting per-unit dollar amount against each unit of merchandise in each of that importer's/customer's entries under the order during the review period. Although this will result in assessing different percentage margins for individual entries, the total antidumping duties collected for each importer/customer under the order for the review period will be almost exactly equal to the total dumping margins.

For CEP sales, we divided the total dumping margins for the reviewed sales by the total entered value of those reviewed sales for each importer/customer. If these preliminary results are adopted in our final results of

administrative review, we will direct Customs to assess the resulting percentage margin against the entered Customs values for the subject merchandise on each of that importer's/customer's entries during the review period. While the Department is aware that the entered value of sales during the POR is not necessarily equal to the entered value of entries during the POR, use of entered value of sales as the basis of the assessment rate permits the Department to collect a reasonable approximation of the antidumping duties which would have been determined if the Department had review those sales of merchandise actually entered during the POR.

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise 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 the PRC companies named above the cash deposit rates will be the rates for these firms established in the final results of this review, except that for exporters with de minimis rates, i.e., less than 0.50 percent, no deposit will be required; (2) for all remaining PRC exporters, all of which were found not to be entitled to separate rates, the cash deposit will be 29.40 percent; and (3) for non-PRC exporters Premier and Chin Jun the cash deposit rates will be the rates established in the final results of this review; (4) for non-PRC exporters of subject merchandise from the PRC, other than Premier and Chin Jun, the cash deposit rate will be the rate applicable to the PRC supplier of that exporter. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice also serves as a preliminary 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 administrative review and notice are in accordance with sections 751(a)(1) and 771(i)(1) of the Act.

Dated: June 30, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98-18301 Filed 7-9-98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-588-054, A-588-604]

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews

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

ACTION: Notice of Preliminary Results of Antidumping Duty Administrative Reviews and Recission in Part.

SUMMARY: In response to requests from respondents, the Department of Commerce (the Department) is conducting administrative reviews of the antidumping duty order on tapered roller bearings (TRBs) and parts thereof, finished and unfinished, from Japan (A-588-604), and of the antidumping finding on TRBs, four inches or less in outside diameter, and components thereof, from Japan (A-588-054). The review of the A-588-054 finding covers two manufacturers/exporters and one reseller/exporter of subject merchandise to the United States during the period October 1, 1996 through September 30, 1997. The review of the A-588-604 order covers two manufacturers/exporters and one reseller/exporter, and the period October 1, 1996 through September 30, 1997.

We preliminarily determine that sales of TRBs have been made below the normal value (NV). If these preliminary results are adopted in our final results of administrative reviews, we will instruct the U.S. Customs Service to assess antidumping duties based on the difference between United States price (USP) and the normal value. Interested parties are invited to comment on these preliminary results. Parties which submit argument in these proceedings are requested to submit with the argument (1) a statement of the issues and (2) a brief summary of the argument.

EFFECTIVE DATE: July 10, 1998.

FOR FURTHER INFORMATION CONTACT: Charles Ranado or Stephanie Arthur,