rate applicable to the PRC supplier of that exporter. These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 351.211.

Dated: November 10, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30741 Filed 11–16–98; 8:45 am]

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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; Final Results of 1996–1997 Antidumping Duty Administrative Review and New Shipper Review and Determination Not To Revoke Order in Part

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

ACTION: Notice of final results of 1996–1997 antidumping duty administrative review and new shipper review and notice of determination not to revoke order in part of tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China.

SUMMARY: On July 10, 1998, the Department of Commerce published the preliminary results of its administrative review of the antidumping duty order on tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China. In addition, on August 5, 1998, the Department of Commerce published a notice of intent not to revoke the order in part. The period of review is June 1, 1996, through May 31, 1997. Based on our analysis of comments received, we have made changes to the margin calculations. Therefore, the final results differ from the preliminary results. The final weighted-average dumping margins are listed below in the section entitled *Final Results of Review*.

We have determined that sales have been made below normal value during the period of review. Accordingly, we will instruct the Customs Service to assess antidumping duties based on the difference between export price or constructed export price and normal value.

EFFECTIVE DATE: November 17, 1998.

FOR FURTHER INFORMATION CONTACT: Zak Smith or James Breeden, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington D.C. 20230; telephone (202) 482–0189 and (202) 482–1174, respectively.

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 of Commerce's (''the Department's'') regulations are to 19 CFR 353 (April 1997).

Background

On July 10, 1998, we published in the **Federal Register** the preliminary results of administrative review of the antidumping duty order on tapered roller bearings (''TRBs'') from the People's Republic of China (''PRC''). *See* Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review, 63 FR 37339 (July 10, 1998) (''Preliminary Results''). In addition, on August 5, 1998, we published a notice of intent not to revoke the order in part. *See* Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Notice of Intent Not to Revoke the Antidumping Duty Order in Part, 63 FR 41801 (August 5, 1998). We gave interested parties an opportunity to comment on our Preliminary Results and held a public hearing on September 9, 1998. The following parties submitted comments and/or rebuttals: The Timken Company (''Timken''); Wafangdian Bearing Factory (''Wafangdian''), Luoyang Bearing Factory (''Luoyang''); China National Machinery Import & Export Corp. (''CMC''); Liaoning MEC Group Co. Ltd. (''Liaoning''); Wanxiang Group Corp. (''Wanxiang''); Xiangfan Machinery Import & Export (Group) Corp. (''Xiangfan''); Zhejiang Machinery Import & Export Corp. (''Zhejiang''); Zhejiang Changshan Bearing (Group) Co., Ltd. (''ZX''); Premier Bearing and Equipment, Ltd. (''Premier''); Peer Bearing Company/Chin Jun Industrial Limited (''Chin Jun''); and L&S Bearing.

We have conducted this administrative review and new shipper review in accordance with section 751(a) 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.

Changes Since the Preliminary Results

We have made certain changes to our margin calculations pursuant to comments we received from interested parties and clerical errors we discovered since the Preliminary Results.

For All Companies

The changes we have made that affect all companies and the comments discussing these changes are listed below.

Valuation of Certain Steel Inputs—Comments 3, 4, and 20
Valuation of Scrap—Comment 5
Valuation of Labor—Comment 10

Valuation of Overhead, SG&A, and Profit—Comments 14, 15, and 18
Valuation of Brokerage and Handling—Comment 24
Valuation of Boxes for Packing—Comment 35

For Premier

We changed our treatment of those sales for which Premier did not report factors of production (''FOP'') data. As facts available we are using the weight-averaged margin calculated for those U.S. sales for which FOP data were reported. See our response to Comment 26.

We have also recalculated Premier's margin to apply its actual costs for inland freight. See our response to Comment 27.

For CMC

We did not use CMC's most recent database in the Preliminary Results. We have corrected this error for the final results. See our response to Comment 34.

For Chin Jun

In the Preliminary Results, we did not match all of Chin Jun's sales to the appropriate FOP data. We have reviewed our calculations and made the necessary changes. See our response to Comment 37.

Analysis of Comments Received

1. Valuation of Factors of Production

1(a) Material Valuation

Comment 1: Use of Indian Bearing Manufacturers' Annual Reports for Steel Input Values

Timken argues that the values for bearing quality steel used in the production of certain TRB components should be based upon the published annual reports of Indian bearing manufacturers. Timken contends that the Department's stated preference is to use reliable domestic market prices versus equally reliable import prices. Timken cites to Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China, 62 FR 61964 (November 20, 1997) (''Carbon Plate'') for this position. Therefore, the Department should use the material costs incurred in India by bearing manufacturers.

Timken argues further that, in comparison to the other values available to the Department, data on Indian bearing manufacturers' raw material costs are more narrowly descriptive of bearing quality steel. Moreover, the Indian bearing manufacturers' price information is contemporaneous with the period of review (''POR''). Timken notes that, while the Department has rejected the use of Indian bearing manufacturers' data in the past, it did so because the available information was from only one bearing producer. That one manufacturer, SKF India, produced more than just bearings and its information did not correspond precisely to the POR. *See* Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of Antidumping Duty Administrative Review and Revocation in Part of Antidumping Duty Order, 62 FR 6189, 6193 (February 11, 1997) (''TRBs VII''). Timken notes that, in this review, the information on the record includes contemporaneous data from eight Indian manufacturers that produce only or almost exclusively antifriction bearings.

Moreover, Timken argues that the materials cost data from the Indian bearing manufacturers are sufficiently detailed to separate the various steel inputs used in the production of TRB components. In support of using the Indian bearing manufacturers' data, Timken contends that the affidavit it submitted from one of its industry experts attests that the same grade of bearing quality steel is typically used for all types of antifriction bearings produced in India and China. Because of this, and the fact that the Indian financial statements are sufficiently detailed, Timken argues that the costs reported by the Indian bearing producers are the best source of surrogate values for bearing quality steel bars used by the Chinese TRB manufacturers.

Respondents disagree, arguing that the Indian producers' steel prices are inherently flawed because several of the producers do not provide separate prices for bar, rod, and sheet steel. Instead, several companies' annual reports provide a single figure for all types of steel used in the factory, including steel used in textile bearings, ball bearings, and other types of products which are not subject to this review. Furthermore, these companies' annual reports could include innumerable types of steel including tube steel, stainless steel, or machined ''green parts.'' Given this fact, the respondents maintain, the Department cannot know what types of steel were included in the material cost calculations.

Additionally, respondents argue that the Indian producers' prices for steel or any other factor input include Indian duties and internal taxes. Finally, respondents point out that Timken's suggestion of using Indian producers' values has been rejected by the Department in two prior reviews. *See* Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results and Partial Termination of Antidumping Duty Administrative Review, 62 FR 6173 (February 11, 1997) (''TRBS VIII'') and 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 IX'').

Department's position: We have not adopted Timken's suggestion to use Indian bearing manufacturers' data on steel cost. Of the eight Indian manufacturers cited by Timken, only three break out steel costs according to the type of steel used in the production of bearings (*e.g.*, steel bar, steel sheet, steel strip). Because the other five companies' annual reports do not specify the types of steel used in production, we are unable to accurately value the specific types of steel used in the production of subject merchandise.

For the three companies that do break out their steel costs by broad types of steel, only Asian Bearing separately identifies ''steel bars,'' the steel input used by the Chinese respondents to produce certain TRB components (cups, cones, & rollers). However, because Asian Bearing provides an average cost for steel bar and does not provide specific costs according to the type of bar used (*i.e.*, hot-rolled versus cold-rolled), the Department is unable to accurately value the two types of steel bar used in the production of cups and cones versus that used in the production of rollers. Furthermore, the annual report does not specify whether the steel bar is only used by Asian Bearings in the production of tapered roller bearings or whether it is used to produce other products manufactured by the company. To the extent that Asian Bearings uses hot-rolled and cold-rolled steel bars in different proportions than the PRC TRB producers, Asian Bearings' average cost of steel bars is not an accurate value to apply to the PRC procucers' factors.

Additionally, section 773(c)(1) of the Act states that, for purposes of determining normal value (''NV'') in a nonmarket economy (''NME'') country, ''the valuation of the factors of production shall be based on the best available information regarding the values of such factors * * *.'' As set forth in Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews, 61 FR 65527

(December 13, 1996) (''TRBs IV–VI''), TRBs VII, and TRBs IX, the Department's preference is to value factors using published information. We have a longstanding practice of relying, to the extent possible, on public statistics on surrogate countries to value any factors for which such information is available over company-specific data. *See* Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings From the People's Republic of China, 57 FR 21058 (May 18, 1992). In our view, public statistics provide a more representative value for these material inputs than a single company's information.

Because we have other surrogate data that allow us to value hot-rolled and cold-rolled bar individually and because the other data are taken from public statistics (not a single company's information), we are not using the data on materials costs from the Indian bearing manufacturers' financial statements.

Comment 2: Use of Indian Import Statistics for Steel Input Values

Timken argues that, as an alternative to the cost data of the Indian bearing producers, Indian (not Indonesian) import statistics are the next best source from which to value bearing quality steel bar used in the production of cups and cones. First, Timken questions the reliability of the benchmark used by the Department to evaluate, and subsequently discard, Indian import data on bearing quality steel bars. In doing so, Timken contends that the U.S. import statistics used by the Department as an indication of the world market price and, hence, as a benchmark for bearing quality steel are far lower than the world market price for this type of steel. Second, Timken argues that, when compared to other indicia of world market prices (including the costs reported by the Indian bearing manufacturers), the Indian import statistics are a reliable source from which to obtain steel bar values.

Timken supports its argument by noting that the U.S. import statistics for bearing quality steel bar are skewed by large volumes of imports from Japan of carbon steel bar used in the manufacturing of wheel hub units and not in the production of TRBs. Timken notes that, when those imports are removed, the average value of U.S. imports is $889 per MT. Timken states that another reason for the variation in the prices between U.S. and Indian import statistics is the physical difference in the steel itself. Timken argues that the U.S. import statistics include two types of bearing quality steel: case-hardened and through-hardened, which vary significantly in price. Therefore, the U.S. statistics do not exclusively represent the type of steel used by the PRC producers (through-hardened), and they are unreliable as a basis for evaluation of Indian values.

Timken argues that several market prices confirm a benchmark of $900 per MT for 52100 grade steel. Timken notes that the price charged by SKF for sales from its subsidiary Ovako, Timken's own large-quantity prices, and U.S. imports from Sweden confirm the accuracy of a $900 per MT benchmark.

Finally, Timken contends that, measured against a more reliable world benchmark, Indian import statistics for harmonized tariff schedule (''HTS'') category 7228.30 (for hot-rolled steel bars and rods) are on par with world market prices, around $900 per MT. Timken insists that the reliability of the Indian import values is also supported by the values found in the Indian bearing producers' annual reports.

Respondents argue against the use of Indian import data when calculating material costs for steel used in the production of cups and cones. Respondents note that in prior reviews, as well as in the Preliminary Results, the Department correctly determined, after a comprehensive analysis, that the Indian import statistics for category 7228.30 were unreliable.

Respondents contend that Timken's argument that the U.S. import statistics for category 7228.30.20 are skewed is speculative. Respondents refute Timken's attempt to distinguish between different types of steel used by arguing that there is no evidence on the record that the Chinese producers used case-hardened versus through-hardened nor is there documentation on the record as to the price differentials between case-or through-hardened steel or between different grades of bearing steel.

Respondents also disagree with Timken's suggestion that Indian bearing manufacturers' steel costs establish the accuracy of Indian import statistics. Respondents contend that Timken's use of steel bar prices for Asian Bearing at $938 per MT does not support the validity of Indian import data at a price of $1,384 per MT. Furthermore, respondents point out that the information in Asian Bearing's annual report does not indicate if the steel bars used are hot-rolled, cold-rolled, case-hardened or through-hardened, nor is the grade indicated, which Timken has argued is of vital importance when analyzing the reliability of a surrogate or benchmark. If Timken wanted to compare import statistics with actual transaction prices, respondents add, it should look to the actual prices paid by the Chinese respondents themselves. According to respondents, such prices prove that the Indian import prices are not reliable or reasonable surrogate values.

Department's position: In selecting a surrogate value for steel used in the production of cups and cones, the Department has consistently found that data for Indian import category 7228.30 (hot-rolled bars and rods of alloy steel) are unreliable. In examining Indian import statistics, we were unable to isolate bearing quality steel because none of the eight-digit tariff categories within the Indian basket category 7228.30 specifically included bearing quality steel bar. We examined each of the Indian eight-digit categories and found that only the ''Others'' category (7228.3019) could contain the type of bearing quality steel used in the production of cups and cones, in addition to other types of alloy steel. In comparing these data to other market values, including U.S. imports from category 7228.30.20 (the only import category on the record which explicitly contains only bearing quality steel), the Department found the Indian values to be unreliable because the values for these imports were significantly higher (*See* Memorandum to the File: ''Selection of a surrogate country and steel value sources,'' dated June 1, 1998).

The Department used U.S. import data under HTS category 7228.30.2000 (Other Bars and Rod, Ball Bearing Steel, Not Furthermore Worked Than Hot-Rolled or Extruded) as a benchmark for hot-rolled bearing quality steel bar because these data are specific to the type of steel used by the Chinese respondents and are the most precise source of market prices for this product on the record. The use of such a benchmark was upheld on numerous occasions and most recently in *Peer Bearing* v. *United States*, 12 F. Supp. 2d 445 (CIT 1998) (''Peer'').

We do not agree that Japanese values included in the U.S. import statistics create a distortion which would make the U.S. statistics an inappropriate benchmark. Timken's argument is speculative because the affidavit submitted in support of this claim does not definitively indicate that the Japanese imports are not bearing quality steel of the type used in the production of TRBs.

Furthermore, we disagree with Timken's argument regarding the unreliability of U.S. import statistics as a benchmark due to the inclusion of two

types of bearing quality (case-hardened and through-hardened) steel which vary significantly in price. There is no definitive evidence on the record indicating that the Indian import statistics do not also include case-hardened and through-hardened steel as well.

Finally, even if we were to accept Timken's argument and disregard U.S. imports from Japan, the Indian import prices of $1,384 per MT remain substantially higher than a potentially re-calculated average U.S. import price of $889. Thus, even if the Department were to accept Timken's argument that an appropriate benchmark for steel used in the production of cups and cones should be $900 per MT, based on SKF's transfer prices, Timken's own steel prices, and U.S. imports from Sweden, the Indian import values are still over 50 percent higher than Timken's proposed benchmark. We therefore continue to base our comparison on the U.S. benchmark.

Comment 3: Reliability of Indonesian Import Statistics

Timken argues that Indonesian import statistics are not reliable as the basis for valuing bearing quality steel bar used by the Chinese manufacturers in the production of cups and cones because (1) there is no evidence of a significant bearing industry in Indonesia that would import substantial amounts of bearing quality steel bar; and (2) the Indonesian tariff category selected by the Department is too broad to be a reliable indicator of bearing quality steel prices.

With respect to the first point, Timken contends that the record in the instant proceeding indicates that there were only two significant bearing producers operating in Indonesia during the POR: PT Logam and PT NSK. Timken argues that, using U.S. import statistics to determine the ratio of bearing units to weight for the size ranges manufactured at PT Logam and PT NSK, it can be deduced that the two companies together produced at most 2,650 MT of bearings. However, Timken maintains, Indonesian imports under heading 7228.30 for the period of January–October 1997 (excluding NME imports) were 24,853 MT. Timken therefore argues that because the Indonesian bearing producers could have used no more than 20 percent of the steel imports for their own production, the remainder of imports under heading 7228.30 must have consisted of non-bearing quality steel.

Timken also argues that Japanese export statistics show that only 2,974 MT of Japan's exports to Indonesia during the POR were exported under tariff categories which might include bearing quality steel bars used in the production of cups and cones. The balance (9,405 MT), Timken argues, consisted of other types of alloy steel bar. Furthermore, looking at the same export statistics, Timken argues that a substantial quantity (1,570 MT) of the total Japanese exports under category 7228.30 consisted of ''other'' alloy steel bar that had a value far below any benchmark estimate of world market prices for bearing quality steel. Therefore, Timken continues, Indonesian imports under heading 7228.30 are not solely or even primarily bearing quality steel.

With respect to the second point, Timken argues that the Indonesian tariff category selected by the Department is too broad and includes a variety of hot-rolled alloy steel bars that are excluded from the corresponding Indian tariff category. For example, Timken states that the Indonesian category includes different qualities of alloy steel bar, including bright bar of alloy tool steel, other bright bar, spring steel, sulphur bearing steel, and tool and die steel.

Respondents argue that Indonesian import statistics are reliable in valuing steel bar because there is ample evidence of a significant bearing industry in Indonesia due to the presence of two large multinational bearing factories and the fact that Indonesia actually exports bearings. Respondents also argue that the Indonesian import values are reliable because they are comparable to the U.S. import values for the same category of steel, unlike the Indian values which are considerably higher.

Respondents also argue that the volume of Indonesian imports under 7228.30 is not too large to be a reliable indicator of bearing quality steel. Respondents argue that Timken has not proven that there is not a significant bearing industry in Indonesia. Respondents also reject Timken's argument that Indonesian imports are too large. Respondents explain that Indonesia, unlike the United States, does not produce much bearing steel, and, therefore, must import most of it.

Respondents state that it is quite possible that both Indonesian and Indian tariff classifications for this input include steel which is not bearing quality. Additionally, respondents contend that Timken has not provided any evidence that the Indian tariff classification 7228.3019 actually includes bearing quality steel. Given these difficulties, respondents believe that the Department correctly used U.S. prices as a benchmark to determine steel values for cups and cones and, thus, cross-check the validity of the Indonesian import statistics.

Respondents dispute Timken's contention that the Indonesian steel category is unreliable because it is overly broad. Respondents state that the Indonesian data are consistent with U.S. prices for bearing quality steel and, therefore, are more reliable than the Indian values. Respondents also maintain that even if the Indian category contained ''bearing quality steel bar used in tapered roller bearings,'' the Department would be under no obligation to use those data unless it determined that these data were reasonable and reliable, which has not been the case.

Department's Position: In determining a value for the steel used in the production of cups and cones, the Department reviewed several data sources, including: U.S., Indian, and Indonesian import statistics, and Japanese export data in order to determine the most accurate value for steel inputs. As explained in comment 2 above, we are not using import data from India, the primary surrogate country, because the import category for hot-rolled bars and rods of alloy steel bars is an ''others'' category which includes several types of steel in addition to bearing quality steel and bearing quality steel cannot be segregated. Moreover, when compared with the U.S. import statistics for the HTS category which only includes bearing quality steel bars and rods, the Indian values are unreliably high.

A similar comparison was made between the U.S. benchmark and Indonesian import statistics. As correctly pointed out by Timken and respondents, the Indonesian import category 7228.30 most probably includes several types of hot-rolled bars and rods of alloy steel, in addition to the bearing quality steel bars and rods used in cup and cone production. However, when compared with the benchmark, the Indonesian data are consistent.

Nevertheless, we were persuaded by Timken's arguments regarding the volume of steel imported into Indonesia versus the volume of bearing quality steel that could actually be consumed in Indonesia. Thus, we have looked more closely at the Indonesian import values. In particular, we examined Japanese data on exports to Indonesia. The Japanese export statistics provide a breakdown of the broad six-digit 7228.30 category into several more narrowly defined eight-digit categories. As Timken correctly points out, these statistics indicate approximately 2,974 metric tons of exports were made to

Indonesia during the POR under Japanese HS code 7228.30.900, ''Bars and Rods, of Other Alloy Steel,'' a category which would include bearing quality steel bar.

Based on our review of these data, the Department has decided to use the Japanese export data to Indonesia for category 7228.30.900 to value steel bar as best available information. In using these data, we have isolated the narrowest category most likely containing bearing quality steel bar.

In our calculation of the average per MT price of the Japanese exports to Indonesia, we excluded one shipment, the value of which was far below the average price, and another shipment, the value of which was far above the average price. On this basis, we calculated an average price of $755 per MT. This value is consistent with the U.S. benchmark of approximately $750 per MT.

Because this Japanese tariff category is the narrowest category which could contain bearing quality steel and because it is consistent with our benchmark, we believe it is the best alternative for valuing steel used in the production of cups and cones. Moreover, we view the data on Japanese exports to Indonesia as an Indonesian value, *i.e.*, it is a value from a country comparable to the PRC. Although the data are from Japanese statistics, we have used those statistics to ''refine'' the Indonesian data in an attempt to make the import category conform better to the input used by the PRC TRB producers.

Comment 4: Steel Input Values Falling Outside the Period of Review

Timken argues that, if the Department relies on Indonesian import statistics, such data should be limited to the POR. Timken contends that, in the Preliminary Results, the Department departed from recent precedent in prior TRBs from the PRC cases in using factor values for a period of time outside the POR.

Respondents contend that Timken's arguments are without merit because the Department routinely uses data which fall outside the POR when necessary to ensure a reasonable surrogate value. In Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews, 63 FR 16758 (April 6, 1998) (''Hand Tools 1998''), respondents state that the Department used Indian import statistics for the period April 1995 through March 1996 to value steel for a POR of February 1996 through January 1997. Respondents point out that there was only an overlap of two months in that case, and the rest of the data were from outside the POR. Furthermore, respondents argue that data from a greater period of time will include a greater volume of imports and, thus, will be less likely to be affected by price fluctuations.

Department's Position: We agree with Timken. Whenever possible, the Department attempts to use data that are contemporaneous with the POR. See TRBs IX, 62 FR at 61283. Since we have sufficient data from the POR to calculate a reasonably accurate value, we do not need to use data from ouside the POR. Therefore, for the final results, the data used to value hot-rolled bars and rods used in the production of cups and cones are contemporaneous with the POR. See Comment 3 above and the Memorandum to Susan Kuhbach; ''Factors of Production Values Used for the Final Results,'' dated November 9, 1998.

Comment 5: Proper Import Category for Steel Scrap Valuation

Timken argues that if the Department uses an import category for alloy steel scrap for purposes of valuing roller scrap, the value used should be based on Indian imports under HTS category heading 7204.29.09, not 7204.29. Timken contends that the Department departed from recent precedent in the Preliminary Results by using category 7204.29. Specifically, Timken notes that in TRBs VII, the Department used the more narrow category of 7204.29.09. Timken further argues that subcategory 7204.29.09 ''waste and scrap of other alloy steel'' includes bearing steel and is, therefore, a more appropriate subcategory from which to value roller scrap.

Respondents argue that the Department properly valued roller scrap steel using the broader six-digit category 7204.29 ''waste and scrap of other alloy steel.'' Respondents contend that Timken offers no evidence that bearing quality steel is included only in the ''other'' eight-digit subcategory (7204.29.09), except for the fact that the Department has used this subcategory in prior reviews. Furthermore, respondents assert that it is incumbent upon Timken to establish the reason bearing quality steel could not be classified under the broader Indian customs category and by using the broader category, the Department ensures that bearing quality steel is included in the data.

Department's position: We agree with Timken that it is appropriate to exclude specific subcategories that do not relate to the type of scrap that would be generated from TRB roller production. In the Preliminary Results, the Department used the broad six-digit Indian import data under category 7204.29 (which included subcategories: 7204.29.01, ''waste and scrap of high speed steel,'' and 7204.29.09, ''others'') to value scrap derived in the production of rollers. We disagree with respondents that in using the broader 7204.29 category the Department ensures that bearing quality steel is included in the data because although both subcategories 7204.29.01 and 7204.29.09 contain scrap derived from alloy steel, subcategory 7204.29.01 (''waste and scrap of high speed steel'') contains the residue from high speed steel which is not the same type of steel used in bearing production. Therefore, subcategory 7204.29.09 (''other'') is the only subcategory under the broader 7204.29 category that could possibly contain scrap generated from bearing quality steel.

Therefore, consistent with prior reviews, we determine that category 7204.29.09 best captures the type of scrap generated from the production of rollers and we have recalculated the surrogate value for this scrap excluding data from subcategory 7204.29.01. However, the Department notes that we continue to use the broad category 7204.29 to value scrap from the production of cups and cones because the Indonesian import data do not provide a further breakdown of this category into subheadings. Therefore, for scrap generated from cups and cone production, we used data under Indonesian import category 7204.29, ''other waste and scrap of alloy steel.''

Comment 6: Scrap Valuation

Timken argues that the values used by the Department for scrap in the Preliminary Results are too high when compared with world market prices for scrap. Timken contends that the PRC bearing producers' scrap consists of low quality turnings, shavings, and chips. Timken states that the scrap values selected by the Department reflect prices of high-quality scrap, not the residue from bearing production. Timken supports its argument by noting that scrap prices reported in the American Metal Market for ''shop turnings,'' a low quality scrap, averaged only $82 per MT delivered, whereas the value the Department selected cup and cone scrap was $150 per MT. Furthermore, Timken argues that U.S. import data, which the Department has insisted are a reliable indicator of world market prices, show that ''turnings'' scrap imported under heading 7204.41.0060 was valued at $104 per

MT during the POR. Timken argues, by comparison with these and other prices, the Indonesian value at $150 per MT is not representative of Chinese scrap values.

Respondents argue that Timken does not provide evidence that the scrap it is using as a basis of comparison is derived from bearing quality steel. Respondents point out that the U.S. import statistics for HTS 7204.29.00 (the tariff heading used to develop Indonesian surrogate data for scrap from cup and cone production), shows a scrap value of $128 per MT. Thus the Indonesian value is consistent with the U.S. import price for alloy steel waste.

Department's position: We disagree with Timken that the import categories selected by the Department to value scrap generated from the production of cups, cones, and rollers do not reasonably reflect the value of scrap generated in the PRC production process. Timken's comparison of the surrogate value used for scrap generated from cup and cone production to other scrap values is the equivalent of comparing apples to oranges. While the PRC cup and cone production process may generate lower quality scrap, it remains bearing-quality steel scrap. Timken, however, is looking at values for scrap from steel which is of a grade and value inferior to that. The HTS category which Timken uses for its comparison (7204.41.0060 ''borings, shovelings, and turnings'' does not include scrap generated from bearing quality steel.

Since steel used in the production of cups and cones is bearing quality steel, the scrap resulting from the production thereof must be of a corresponding grade. For that reason, it is appropriate to use an import category for scrap containing alloy steel, as is the case for import category 7204.29.

Regarding Timken's argument that the scrap values selected by the Department should be adjusted to reflect the low quality of the scrap generated in the Chinese production process there are no further subcategories under 7204.29 which differentiate between different values of scrap within that particular broad category. Of the information contained on the record, only the broad U.S. HTS categories 7204.41 and 7204.49 provide for a break-down of scrap into sub-categories based on the size and quality of scrap. However, these categories do not include bearing quality steel.

The Department has not adjusted the values for scrap from the Preliminary Results, with the exception of the change described in Comment 5 above relating to roller scrap.

1(b) Labor Valuation

Comment 7: Using labor costs reported by Indian bearing manufacturers

Timken argues that the best available information regarding surrogate labor rates is the data provided by the Indian bearing producers' financial statements. In response to the Department's rejection of this information on the basis that it is not possible to allocate direct labor hours to the subject merchandise because these companies produce other products, Timken asserts that the Indian companies produce only or almost exclusively antifriction bearings. *See* Memorandum to Susan Kuhbach: ''Selection of surrogate labor wage rates for preliminary results of review,'' dated June 30, 1998) (''Wage Rates Memo''). Timken contends that neither in this review nor any other segment involving TRBs or antifriction bearings has any party indicated that hourly labor costs within the same company vary according to the type of antifriction bearing produced. Moreover, Timken argues that the data from the International Labor Organization's (''ILO'') *Yearbook of Labor Statistics* (''YLS''), which the Department used in its Preliminary Results, are less reliable because the YLS categories cover broad groups of industries, including companies that do not produce bearings at all.

Wafangdian and Luoyang disagree with Timken and contend that the Indian bearing producers' financial statements show that labor rates vary widely among producers. Furthermore, in contrast to the Chinese data, the Indian financial statements include labor costs associated with selling, general, and administrative expenses (''SG&A''). CMC, Liaoning, Wanxiang, Xiangfan, Zhejiang, and Premier argue that it would be a vast overstatement to use the Indian bearings producers' labor rates because they include the costs of senior management and of labor used in the production of merchandise other than bearings. Moreover, as upheld recently in Peer, the Department should use objective, industry-wide values that represent the industry norm rather than company-specific values because the surrogate producer is not the subject of valuation. Therefore, the Department should reject Timken's argument and continue to apply widely published YLS data for the final results.

Department's position: In order to provide for transparency and predictability, it has been the Department's policy in NME cases to rely, to the extent possible, on publicly available statistical information from the first choice surrogate country to value FOP over company-specific data. *See* TRBs IX. While we acknowledge that such data (e.g., YLS data) cover different types of labor and different products, their public, published nature makes them preferable to financial report data, which could vary dramatically, depending on which producers' data go into the calculation. Therefore, contrary to Timken's assertion, we continue to believe that the use of the Indian bearing companies' data in valuing labor costs could lead to distortive results and the use of public statistical information for valuing labor aids in increasing the transparency and predictability of our calculations.

Comment 8: The Yearbook of Labor Statistics vs. Investing, Licensing & Trading Conditions Abroad

If the Department declines to use company-specific data, Timken argues that the Department should base surrogate labor rates on data from the Investing, Licensing & Trading Conditions Abroad; India (''IL&T'') as it has done in the past three administrative reviews of this case, rather than on the YLS data. According to Timken, the IL&T is preferable for two reasons: (1) it provides separate wage ranges for various skill categories, which the YLS does not, and (2) its data are more contemporaneous with the POR than the YLS data.

In response to the Department's contention that the monthly wages reported by the IL&T are the wages mandated by Indian law and not the wages actually paid, Timken argues that the Department has no basis to assume that the actual wages are different from the wages mandated by the government. Timken also rejects the Department's argument that the IL&T rates should not be used because they do not include fringe benefits paid to workers. Timken argues that the cost of such benefits is easily calculated as exemplified by the Department's past practice.

CMC, Liaoning, Wanxiang, Xiangfan, Zhejiang, and Premier concur with the Department that the wages reported in the IL&T are based on wages stipulated by Indian law rather than a survey of average wages actually paid, and that these wage rates do not include benefits normally added to base pay. Respondents refer to the notation in the IL&T which states that ''these rates are purely indicative; wages vary greatly by state and industry.'' Accordingly, the Department properly applied the YLS labor rate which represents the industry norm and more accurately reflects the cost of labor in India. Furthermore, respondents argue that Timken has overlooked the Department's extensive

application of the YLS single average Indian labor rate as a surrogate in recent antidumping reviews involving China.

Wafangdian and Luoyang argue that the IL&T data are based on theoretical values. Given the Department's preference to use actual values, the YLS data are preferable because they are based on actual values collected by government agencies.

Department's Position: We disagree with Timken's contention that the IL&T data represent surrogate labor values preferable to the YLS. Consistent with the Department's practice we have applied a single average labor rate to all reported skill levels. *See,* e.g., 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) (''Manganese Metal''); Certain Helical Spring Lock Washers from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 62 FR 61794, 61780 (November 19, 1997); Heavy Forged Hand Tools from the People's Republic of China: Final Results of Antidumping Administrative Reviews, 62 FR 11814, 11815 (March 13, 1997). Therefore, the specificity afforded by the IL&T data with regard to different wages for different skill levels is not an important consideration.

Moreover, the Department learned in a past NME case that the reported average monthly wages provided in the IL&T are based solely on wages stipulated by Indian law rather than on any survey of average wages actually paid. *See* Manganese Metal. Given that wages in India vary considerably by industry and region, there is no basis on which to conclude that wages mandated by Indian law reflect average wage rates across the Indian economy. Also, it appears from the text in the IL&T data that the wage rates do not include additional mandatory and voluntary benefits which normally add an additional 40–50% to the base pay. The Department, in choosing a surrogate labor value, seeks to obtain the average fully-loaded cost (i.e., including all costs and benefits in addition to basic wage) of employing labor on as industry-specific a basis as possible. Unlike the IL&T, the YLS provides fully-loaded labor rates for the basic metals industry in India as a whole. Accordingly, we have continued to use YLS for the final results.

Comment 9: Valuation of SG&A and Indirect Labor

Timken argues that indirect and SG&A labor rates are understated and are significantly higher than the wage rates applied to direct labor. Timken claims that all evidence on the record indicates that indirect and SG&A labor consists of highly skilled workers who would receive a much higher compensation, compared to direct production workers who are predominately unskilled. Thus, by using the YLS' single undifferentiated hourly labor rate for all workers in manufacturing, the Department disregarded the significant differences in labor costs among different skill levels for direct workers and different specialized skills for indirect and administrative workers. Timken suggests using the IL&T, which provides labor rates by skill levels, to reflect the higher skill levels of the indirect and SG&A laborers.

Wafangdian and Luoyang reject Timken's contention and suggestion. They argue against using the IL&T because these data are based on estimated differences between skill levels and the evidence on the record does not establish the skill level of indirect laborers involved in the production of the subject merchandise. Therefore, the Department has no reliable means to develop a rate for indirect labor.

CMC, Liaoning, Wanxiang, Xiangfan, Zhejiang, and Premier contend that the Department's valuation of indirect and SG&A labor is consistent with prior reviews and avoids the aberrations that would result if a blended rate was applied to direct labor and separate surrogate skilled rates were applied to indirect and SG&A labor as suggested by Timken. Respondents also comment that Timken's recommendation to apply IL&T data is inappropriate as they contain no basket category for overhead and SG&A labor.

Department's Position: As explained above, we have used YLS data for wage rates. The YLS data provide a single blended labor rate relevant to the fabricated metals industry for India as a whole. This blended labor rate includes direct, indirect, and SG&A labor hours, as well as among skilled, semi-skilled, and unskilled workers. Also, as respondents note, it would be inconsistent to apply a blended rate to direct labor and a separate surrogate skilled rate to indirect and SG&A labor. For these reasons, we have continued to apply the blended rate from the YLS to SG&A and indirect labor for our final results.

Comment 10: YLS Category 381 vs. 382

Timken argues that if the Department decides to continue using the YLS in the final determination, it should apply the wage rate for category 382 (manufacture of machinery, except electrical) rather than category 381 (manufacture of fabricated metal products, except machinery and equipment) as used in the Preliminary Results. Timken notes that subcategory 3829 02 of the United Nations' *International Standard Industrial Classification of All Economic Activities* (''ISIC'') includes the manufacture of bearings, gears, gearing and driving elements. Moreover, in previous administrative reviews where the Department relied upon the YLS, it applied the wage rate for category 382.

Wafangdian and Luoyang state that it is not clear that the Department should use category 382. First, they argue that the ISIC definitions referenced by Timkens may not be used by the ILO. Second, the ISIC definition for subcategory 3829 02 may be limited to driving elements that include bearings for driving elements only, rather than TRBs in general. Absent this information, the Department should continue to use category 381.

CMC, Liaoning, Wanxiang, Xiangfan, Zhejiang, and Premier note that in the 1990–93 reviews, Timken argued that the Department should not use category 382 for purposes of labor costs because the category was ''too broad.'' Respondents argue that Timken cannot have it both ways. Furthermore, respondents state that category 381 has been used in prior administrative reviews of bearing and steel cases and that it accurately reflects the cost of labor engaged in the manufacture of metal products.

Department's Position: We agree with Timken with respect to the use of ISIC major group 382. Upon further review, we found that labor associated with bearing production is included in category 382 and that the labor categories that comprise ISIC major group 381 are not relevant to bearing production. Therefore, the Department has used major group 382 for the final results of these reviews.

Comment 11: Number of Labor Hours Used To Produce TRBs

Timken argues that the verifications conducted by the Department confirm its allegation that labor usage is uniformly understated by respondents. Timken asserts that respondents excluded from their responses any labor hours in which direct labor workers were not actively producing bearings. Timken substantiates its argument by referring to the verifications conducted at Xiangfan and Luoyang in which the Department discovered that labor hours reported were understated due to, respectively, the reporting of standard

processing times as opposed to actual hours worked and the omission of downtime from the reported direct labor hours. Timken argues the relevant issue is whether direct laborers would have been paid for idle time or downtime in the surrogate country. As such, respondents should have reported total hours on site as opposed to the hours for which work was paid. Overall, Timken maintains that the Department should increase the number of labor hours for all respondents, using data provided by Timken as ''facts available.'' At the least, for those respondents that reported direct labor hours accurately but omitted idle time, Timken suggests that the Department increase indirect labor hours to account for the missing labor.

CMC, Liaoning, Wanxiang, Xiangfan, Zhejiang, and Premier object to Timken's argument. They contend that Timken is attempting to expand the definition of direct labor beyond its reasonable terms. Noting that Timken's argument to capture ''total hours on-site'' and not merely for which work was paid, would serve to double count the labor dedicated to indirect labor tasks. Therefore, the Department should not engage in Timken's speculative adjustments and should apply the reported and verified labor data from respondents.

Department's Position: It is the Department's practice to value labor by determining the number of hours (including downtime) which are needed to produce the subject merchandise in the facilities in the state-controlled-economy country and applying the surrogate wage rate. At verification, we closely examined respondents' accounting systems to determine how they calculated the labor hours reported in their submissions. As Timken notes, we did find inconsistencies in the labor data reported by Xiangfan and Luoyang. For these companies, we made adjustments in our Preliminary Results to accurately reflect the total amount of actual labor hours worked. Additionally, for Luoyang and Wafangdian we increased the amount of labor hours by the amount of unreported downtime associated with the production of the subject merchandise in order to capture total labor hours. Thus, were we to adjust indirect labor by the amount of idle time as Timken recommends, we would increase the indirect labor percentage and decrease the total direct labor figure by the amount of labor that was reclassified. The net result of this adjustment would yield no difference in the total labor used by these companies to produce the subject merchandise.

In summary, for certain companies we discovered at verification unreported labor hours related to downtime. For these companies, and for those companies for which we were unable to verify certain aspects of the labor hours reported, we corrected the reported hours appropriately. For other companies, the number of labor hours verified. For these companies, no changes were made to the reported figures.

1(c) Overhead, SG&A and Profit

Comment 12: Adjustment to Factory Overhead and SG&A Ratios

Timken argues that the methodology used by the Department in the Preliminary Results deliberately understates factory overhead and SG&A costs and, consequently, NV. This distortion, according to Timken, is due to the fact that the Department used reported materials and labor costs, calculated as the average of the reported costs of eight Indian bearings producers, as the denominator in deriving the surrogate overhead and SG&A ratios. However, the Department then applied these ratios to the lower cost of materials and labor it calculated using other, lower-valued surrogate sources. Timken contends that the Indian producers' materials costs on average are much higher than the Department's calculated total materials costs because the Indian producers use higher cost materials (than those reflected in the surrogate materials values), and because their material costs include high import duties paid in India.

Timken argues that the Department has the legal authority to adjust surrogate overhead and SG&A ratios in order to derive the most accurate dumping margin possible. Therefore, Timken contends, the Department should adjust the denominator used in calculating the overhead and SG&A ratios by the ratio of Indonesian steel and labor values to the eight-producer average materials and labor costs. An alternative methodology, Timken suggests, would be to make a similar adjustment using only the reported costs of Asian Bearing Company (''Asian''), rather than the eight-producer average. This alternative would be reasonable, Timken claims, because Asia Bearing reportedly produces only antifriction bearings and has clearly identified its raw material inputs in its financial statements.

Respondents state that the Department should continue its practice of not making these kind of adjustments to surrogate values. They cite Peer to support the Department's practice of not adjusting surrogates as upheld by the court in previous reviews. Moreover, the Department should not make Timken's proposed adjustment because the record is unclear as to what the exact materials used by the Indian factories are. Therefore, an adjustment would not necessarily improve the reliability of the overhead or SG&A data. Furthermore, respondents contend, the fact that the Indian producers' reported costs are higher merely reflects the fact that these factories are more modern and located in a more industrialized country than are the PRC factories. In fact, argue respondents, the surrogate ratios are already too high and should, instead, be lowered. Finally, respondents state that differences in overhead costs reflect the unique circumstances of each respective company. Adjusting the costs of one to reflect the costs of another would be ''mixing apples and oranges.''

Likewise, respondents urge the Department to reject Timken's alternative proposal of adjusting the surrogate values using Asian Bearing's reported costs only. Respondents argue that the Department has repeatedly rejected the use of this company's data in the past because the company is a ''sick'' company. Moreover, it would be inappropriate to rely simply on the reported costs of one factory where public data, more reflective of the industry generally, are available.

Respondents also object to Timken's proposal to adjust the surrogate value ratios. According to respondents, the Act, requires the Department to value NME factor inputs using the best available information. The Indian producers' costs, as reported in their financial statements, represent the best available information for valuing factory overhead and SG&A. The Act does not, respondents continue, require the Department to substitute specific Indian producers' costs for Chinese FOP data.

Department's Position: We disagree with Timken's contention that an adjustment to our surrogate ratios for factory overhead and SG&A is necessary. Timken has raised this issue in earlier reviews, and our position (which was upheld in Peer) is unchanged.

First, Timken is incorrect in stating that the Department calculated overhead and SG&A costs as a percentage of materials and labor costs. Rather, we calculated these ratios as a percent of direct materials inputs, direct energy inputs, as well as the ''Consumption of Traded Goods.'' Neither direct nor indirect labor was included in either the numerator or denominator of the surrogate ratios.

Second, consistent with our methodology discussed, among other places, in TRBs VIII and TRBS IX (62 FR at 6178 and 62 FR 61287, respectively) although we prefer to base our surrogate values on industry-wide, public information for producers of merchandise under review during the POR, such information is not available for factory overhead and SG&A rates in this review. For these final results, we therefore have based our surrogate values for overhead and SG&A (excluding labor) on the average reported costs of Indian producers of like or similar merchandise. In deriving these ratios, we used the average of the Indian producers' reported data with respect to the numerator (reported overhead and SG&A expenses) and the denominator (direct input costs excluding labor), thus yielding internally consistent ratios. These ratios, when multiplied by our calculated FOP values, constitute the best available information concerning overhead and SG&A expenses that would be incurred by a PRC bearings producers given such FOP data. Timken's recommended adjustment (including the proposed alternative adjustment based solely on Asia Bearing's reported costs) would itself distort the ratios rather than correct the alleged distortions in our calculations.

Third, with regard to Timken's assertion that the reported Indian producers' materials costs include high import duties which have the effect of lowering the calculated surrogate ratios for overhead and SG&A, we note that Timken has not provided any information regarding the amount of import duties that are included, nor has Timken provided a means of identifying and eliminating such duties from our calculations. Although we would not normally include import duties in the surrogate values for materials costs, we have no evidence as to the amount of duties, if any, included in the Indian producers' reported costs. Therefore, we did not deduct an amount for import duties from the reported materials costs for the Indian producers when calculating the overhead and SG&A ratios.

We likewise disagree with the contention of respondents that the Department's calculated costs for overhead and SG&A are, in fact, too high because they are based on the reported costs of Indian producers which are much more sophisticated than the PRC producers. For the reasons enumerated above, the average of the reported costs of the Indian bearings producers represent the best surrogate information available for valuing overhead and SG&A in this review. (As detailed in Comment 14 below, for our final results we have only used the reported cost data of six of the Indian producers.)

Comment 13: Excluding ''Consumption of Traded Goods'' From Overhead Rate Calculation

Timken argues that the Department should exclude the category ''Consumption of Traded Goods'' from the denominator in calculating the factory overhead ratio because this traded goods category includes items which are only purchased and sold—but not produced—by the Indian bearings producers and, therefore, have nothing to do with the producers' manufacturing operations. Timken notes that the traded goods category is listed separately in the producers' financial statements from those products noted as ''manufactured and sold.'' Thus, because traded goods are neither produced directly nor used as inputs in manufacturing other products, the producers do not incur any factory overhead expense for these products.

Respondents argue that ''Consumption of Traded Goods'' should be included in the denominator of the factory overhead ratio. Respondents counter Timken's argument by noting that the Department has specifically rejected Timken's argument for excluding this category in previous reviews. *See,* e.g., TRBs IX. Respondents further contend that Timken is making an implicit argument that other expenses, such as depreciation, warehousing and maintenance expenses, incurred as a result of these traded goods should be included in the numerator of the overhead ratio, whereas the traded goods amount itself should not be included in the denominator. This, respondents state, would distort the costs of these Indian producers and, therefore, is illogical.

Department's Position: The Department has addressed this issue previously in TRBs VIII and TRBs IX (62 FR at 6182 and 62 FR at 61288, respectively). In both cases, we rejected Timken's argument that the ''Consumption of Traded Goods'' category should be excluded from the denominator of the overhead ratio. As we explained in TRBs IX, these traded goods are not overhead expenses but, instead, reflect the common practice of manufacturers of purchasing finished and semi-finished goods to meet their clients' demand. The Indian bearings producers incur the expense of, inter alia, purchasing and warehousing these products. Because these purchased goods are an integral portion of the costs of goods sold, they are ordinary business expenses that we cannot ignore. Therefore, for the final results we have included ''Consumption of Traded Goods'' as a component of the denominator of the factory overhead ratio.

Comment 14: Excluding Asian Bearing Company and National Engineering Company

Respondents argue that the Department should not include the companies Asian and National Engineering Company (''NEI'') among the list of Indian bearings producers utilized for calculating factory overhead, SG&A and profit ratios. Respondents contend that, in past reviews, the Department has deliberately excluded data from Asian on the grounds that it is a ''sick'' company (as defined under Indian law) and that its accounting practices are suspect. Respondents further contend that the calculated overhead and SG&A ratios for Asian and NEI are clearly aberrational and, as such, not reflective of the Indian bearings industry. Respondents also argue that NEI's data are clearly extraordinary and, as such, should not be used. Therefore, respondents argue, the Department should exercise its discretion to exclude aberrational data by basing its overhead, SG&A and profit calculations on the reported data for the remaining six Indian bearing producers only.

Timken counters that Asian's data should not be excluded merely on the grounds that it is a ''sick'' company. In fact, Timken argues, having sick company status has enabled Asian to reduce certain overhead and SG&A costs such as interest and depreciation charges. There is, moreover, no evidence or reason to believe that any of Asian's other direct, overhead or SG&A costs would be affected by the company's sick status. Furthermore, Timken continues, there is no justification for excluding a sick company from a sample of companies meant to reflect the industry at large. Any industry or country has a certain number of non-profitable companies, and this should be reflected in the industry-wide data. Finally, the fact that Asian's interest expense accounts for a slightly higher portion of its total costs is not a basis for excluding this company.

With regard to NEI's data, Timken argues that simply because the overhead rate of this company is different from that of the other companies does not establish that NEI's rates are unreliable or aberrational. Timken argues that if by this logic NEI's data were aberrational,

then another Indian producer FAG should also be excluded on the grounds that its ratios are extraordinarily low. Timken, citing TRBs VIII, notes that the Department acknowledges that differences in various companies' overhead and SG&A ratios can be due to differences in the input materials used, the payment of import duties on the input materials, the capital structure of the company, and the company's accounting practices. Thus, in this case, argues Timken, the differences in the ratios of the various Indian bearings producers could result from the fact that some of them are more fully integrated and, therefore, have higher capital costs. Given these differences in company structure and practice, Timken argues, taking an average of all eight of the Indian producers' reported costs yields the most reasonable mix of different practices, and most fairly serves as a surrogate.

Department's Position: We agree with respondents that data for Asian and NEI should be excluded from the average of reported costs for Indian bearings producers. In the Final Results of Antidumping Duty Administrative Review: Tapered Roller Bearings and Parts Thereof From the People's Republic of China, 56 FR 67590, 67594 (December 31, 1991), the Department stated that, ''we believe that Asian is not an appropriate surrogate primarily because the Auditor's Report notes that the financial statements are not presented in accordance with the generally accepted accounting principles (''GAAP'') of India.'' In this review, the Auditor's Report included with Asian's 1996–97 financial statements expresses a clear reservation about how certain interest expenses (with their corresponding effects on depreciation and other expenses) have been reported, noting that the methodology is not in accordance with accounting principles recommended by the Institute of Chartered Accountants of India. The Auditor's Report also notes that Asian continues to be a ''sick'' company as defined by India's Sick Industrial Companies Act. Likewise, the auditors' endorsement of NEI's 1996–97 Financial Statements, as contained in the Auditor's Report, includes qualifications regarding, inter alia, the company's treatment of various overhead and SG&A expenses.

With regard to Timken's arguments concerning Asian and NEI, although we recognize, as respondents argue, that the overhead and SG&A ratios for Asian and NEI generally are higher than those of the other six producers, this apparent difference is not our primary reason for excluding the Asian and NEI data. Rather, we have excluded the data for Asian and NEI in calculating surrogate overhead, SG&A and profit ratios primarily because, according to the Auditor's Reports, the methodology used in recording and reporting the financial condition of these two companies appears, in certain instances, to be inconsistent with the methodology (i.e., Indian GAAP) used by the remaining six companies. Given these significant differences, it would be incongruous to combine the reported data of all eight companies.

Comment 15: Excluding Excise Duties From the Overhead Calculation

Respondents argue that the Department improperly included excise duties in the overhead costs of the Indian producers on which the Department based its calculation of the surrogate overhead ratio. Respondents argue this is incorrect because excise duties are not paid on exported merchandise but, rather, only on goods consumed in the domestic market. The Act, respondents note, states that the cost of materials should be ''exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used.'' Respondents further argue that it has been the established practice of the Department to exclude Indian excise taxes in other proceedings. *See*, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Bicycles from the PRC, 61 FR 19026, 19039 (April 30, 1996) (''Bicycles from the PRC''). Respondents also notes that the Department, in the preamble to the current regulations, states that '' * * * Congress has now established conclusively that dumping comparisons are to be tax-neutral in all cases.''

Timken counters that the Indian producers report that this excise tax is paid on finished products and, therefore, does not apply to raw materials. Thus, Timken contends, this tax is not within the plain language of the Act. Moreover, according to Timken, the fact that some of the Indian producers reported excise tax while others did not indicates that this amount represents a net excise tax paid, with any refunded amount already deducted.

Timken continues by arguing that the record only indicates that such taxes are merely ''refundable,'' and does not explicitly state that the excise duties were, in fact, actually recovered. They state that there is no basis to assume that all excise taxes would be refunded, that all Indian producers obtained or could obtain refunds, or that PRC producers, operating in a market economy, would not pay any taxes on finished goods. Timken concludes by arguing that the Department's past practice of excluding ''refundable'' taxes in PRC cases is at odds with Department practice in market economy cases where the respondent is required to show that the refundable taxes were paid on material inputs that were used in the manufacture of subject merchandise, and that these taxes were actually recovered from the government.

Department's Position: We agree with respondents that the excise tax reportedly paid by the Indian bearings producers should not be included in the overhead cost calculation. In the final determination of Bicycles from the PRC (61 FR at 19039), we stated that '' * * * it is the Department's practice to use, if possible, tax exclusive values as surrogates in NME cases. * * * Moreover, we have found in previous cases involving products from India that excise duties and/or taxes paid by Indian producers were refundable to the producer by the Indian government. * * * Therefore, we have not only removed the amount of excise duty and/or tax from TI's financial data, but also from the financial data of the other Indian producers, where possible, which we have used to calculate surrogate percentages.''

With regard to Timken's arguments, we note that the fact that some of the Indian producers do not appear to be reporting excise tax paid may only reflect that they have not separately itemized that expense in their statements; it does not necessarily indicate, as Timken contends, that this represents net excise tax paid, exclusive of any refunded amount. Moreover, there is no evidence on the record to suggest that these Indian companies did not recover the refundable taxes. In order, therefore, to be consistent with the intent of the Act and general Department practice, in these final results we have excluded the excise tax, where it has been specifically identified, from the reported costs of the Indian bearings producers.

Comment 16: Excluding ''Net Loss (Gain) on Fixed Assets Sold''

Respondents contend that the Department improperly included the category ''Net Loss (Gain) on Fixed Assets Sold'' as an element of overhead. This category should be excluded from overhead expenses, respondents argue, because these losses (gains) are incurred independent of manufacturing or selling activities.

Timken counters that, contrary to the assertion of respondents, it is reasonable to expect that the sales of fixed assets by companies, whose primary business included bearings, would be related to the production or sale of bearings. Losses arising from the sale of these assets reflect the fact that depreciation charges for these assets in prior years were inadequate to fully account for the decline in value over the assets' life. Likewise, losses on assets employed in sales or generally in support of corporate operations reflect the same adjustment to depreciation. Thus, these losses represent overhead costs tied to bearings manufacture. Timken further notes that in previous reviews, the Department has included these losses in our overhead calculation.

Department's Position: We agree with Timken that the ''Net Loss (Gain) on Fixed Assets Sold'' should be included in the calculation of the overhead ratio. The Department has addressed this issue previously in TRBs VIII. In that review, we stated that losses ''* * * incurred in selling fixed assets used to manufacture merchandise clearly [are] related to manufacturing activities.'' *See* TRBs VIII, 62 FR at 6184. For that reason, in our final results of this review we have continued to included this category as an overhead expense.

Comment 17: Excluding ''Other Expenses'' From Factory Overhead and SG&A Calculations

Respondents argue that the category ''Other Expenses'' or ''Miscellaneous Expenses'' noted in several of the Indian producers' financial statements should not be included in the overhead and SG&A calculations because there is insufficient information to determine whether all of these expenses are related to the production of TRBs. Moreover, assuming all expenses are related to TRBs production, there is insufficient information to determine the extent to which these should be properly categorized as overhead, SG&A or some other expense. Respondents continue by noting that some of these ''other'' expenses, such as ''auditors' fees,'' ''director's fees,'' and expenses related to ''Agricultural & Dairy Farm,'' which are specified in some producers' financial statements are clearly irrelevant to TRBs production in the PRC and, as such, should be excluded.

Respondents also argue that it is improper to allocate ''other'' and ''miscellaneous'' expenses to only overhead and SG&A because these may also include expenses related to labor or raw materials. Thus, argue respondents, these unspecified expenses ought to be allocated equally to raw materials, labor, overhead and SG&A.

Timken counters that it is unreasonable for respondents to suggest that the Department exclude an entire category of expenses on the grounds that its description is not sufficiently precise to either relate the expenses directly to the production of TRBs, or to classify them as overhead or SG&A. In allocating these other expenses to overhead and SG&A, absent specific information as to the cost category of each expense the Department has relied, as in the past, on its general expertise of accounting practices and principles. Moreover, Timken continues, the financial statements of many of the producers do, in fact, provide considerable detail for a large portion of these other costs. The line-item detail that is available for some of the expenses confirms that these expenses are properly classified as either overhead or SG&A. Thus, absent specific evidence to the contrary, the Department is correct in categorizing these costs as overhead and SG&A.

Department's Position: We agree with the Timken that the ''other'' and ''miscellaneous'' expenses have been properly classified as part of factory overhead or SG&A (with the exception of those expenses detailed in the following comment below). We recognize the fact that there is limited information regarding any of the expenses included in these catch-all categories. However, most of the financial statements do include separate itemized categories for raw materials consumed, and payments to and provisions for employees. Contrary to the assertion of respondents, there is no reason to believe that materials and labor costs are also included in the ''other'' or ''miscellaneous'' expense categories. Consequently, all expenses not identified as direct material inputs, direct or indirect labor, energy, or other costs which the Department values separately (such as packing, freight, etc.) have been included in either the overhead or SG&A category. Where it was unclear whether an expense would be more properly categorized as overhead rather than SG&A (or vice-versa), we generally allocated the expense amount evenly between the two categories.

With regard to respondents' contention that several of the expenses included as overhead or SG&A are not relevant to TRB production in the PRC, and with regard to the issue of surrogate values for overhead and SG&A in general, we cite to the Department's position on these matters in Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the Republic of Romania; Final Results and Recission in Part of Antidumping Duty Administrative Review, 61 FR 51427 (October 2, 1996) (''TRBs from Romania''). In that review, we stated, ''[t]he Department generally does not dissect the overhead rate on a surrogate country and apply only components relevant to the producer. It is generally not possible to break the surrogate overhead value into its individual components at a level of detail that would be necessary to value each individual component of the NME producer's overhead. * * * Rarely, if ever, will it be known that there is an exact correlation between overhead expense components of the NME producer and the components of the surrogate overhead expenses. Therefore, * * * the Department normally bases normal value completely on factor values from a surrogate country on the premise that the actual experience in the NME cannot meaningfully be considered. Accordingly, Department practice is to accept a valid surrogate overhead rate as wholly applicable to the NME producer in question.'' *See* TRBs from Romania, 61 FR at 51429. For these reasons, we have continued to include these other expenses in our overhead and SG&A calculations for the final results.

Comment 18: The Double-Counting of Certain Expenses

Respondents argue that, in the Preliminary Results, the Department included in its surrogate overhead or SG&A calculations expenses related to packing, freight, discounts and rebates, commissions, and brokerage. Because these types of expenses are also valued directly (individually) elsewhere in the Department's FOP calculation, they have been double-counted. For the final results, respondents argue that these types of expenses should be excluded from the overhead and SG&A calculations.

Department's Position: We agree, in part, with respondents that, where certain costs have been separately calculated elsewhere in the FOP calculations, they should not be included in overhead or SG&A. Consequently, where it was possible to distinguish expenses directly related to packing, freight, discounts and rebates, and brokerage from other expense categories in the Indian producers' financial statements, we have excluded those expense items from the overhead and SG&A calculations for the final results.

We disagree with respondents' contention, however, that commissions should likewise be excluded. These are

standard selling costs and, as such, are properly categorized under SG&A. Whether PRC producers have commissioned sales staff is irrelevant. As discussed in the Department's Position under the previous comment, the Department does not tailor surrogate overhead or SG&A rates to match the circumstances in the NME country. We note that in our Preliminary Results, where commissions were identified separately in the Indian producers' financial statements, we incorrectly included these as labor costs. For these final results, however, we have included all commission expenses, where possible, as part of SG&A only.

Comment 19: Offsetting Interest and Other Expense With Interest and Other Income

Respondents argue that the Department should offset the interest expense and other expenses which it has included in the surrogate overhead and SG&A calculations with interest revenue and other revenues, respectively.

Timken counters that there is no evidence in the financial statements that the interest or other income earned by these Indian producers relate to their TRB operations. Timken argues the Department's practice with regard to market economy cases is to offset expenses only in cases where the corresponding income is short term in nature and earned on investment activity related to the subject merchandise.

Department's Position: We agree with the Timken that interest expense and other expenses should not be offset with interest and other income. There is no evidence on the record to indicate that these expense and income categories are related to each other and to the production of TRBs. For the final results, therefore, no offsets to interest and other expenses have been made.

2. Market Economy Inputs

For those TRB producers which purchased steel from market economy suppliers and paid in hard currency, the Department, in its Preliminary Results, valued steel inputs at actual prices paid in market economy currencies. However, consistent with our past practice, we used surrogate data for TRB producers who purchased imported steel inputs from trading companies and paid in renminbi. Because this methodology was subject to court challenge (*see Olympia Industrial, Inc.* v. *United States*), Slip Op. 98–49 (CIT 1998) (''*Olympia II*''), we have reexamined our approach for the final results, and considered the comments received from interested parties as discussed below.

Comment 20: Use of Market Economy Inputs

Timken argues that the Department should not regard the prices paid by respondents for imported steel inputs as ''market prices.'' In the final results, Timken urges the Department to reject the import values used in the Preliminary Results because they are not reliable indicators of market economy prices for steel inputs.

In support of its position, Timken maintains that the statute directs the Department to use the prices in one or more market economies which (1) are at a level of economic development comparable to that of the NME, and (2) are significant producers of comparable merchandise (*see* section 773(c)(4) of the Act). Thus, Timken argues that, unless the Department determines that the country of origin is comparable to China and is a significant producer of the subject merchandise, it would be unlawful to use import values that do not meet these two criteria.

Furthermore, Timken believes that it is likely that steel exported to the PRC is dumped or otherwise atypical of the price normally charged in the country of origin. Therefore, Timken argues, the price of steel imported to the PRC does not reflect the price charged in the exporting country, as required by the statute. Moreover, Timken contends that the use of a steel price from a country that is not at a level of economic development comparable to that of the PRC will distort the Department's NME methodology. Timken also argues that if the Department were to use import prices, it must reject values that do not represent arm's length sales, that do not reflect commercial quantities, or that otherwise do not reasonably reflect the actual cost of production in a comparable market economy country.

Timken also states that in *Olympia II*, the CIT reviewed its earlier remand order which instructed the Department to examine whether the import data submitted by Chinese trading companies were reliable. Timken argues that the Court did not require the Department to automatically accept import prices from market economy suppliers as factor values without examining whether such values are reliable and adequate in accordance with section 773(c)(4) of the Act.

Wafangdian and Luoyang argue that the Department should apply the three-pronged test set forth in the *Olympia II* remand to test the reliability of the reported import prices (*i.e.*, value and volume of steel imports, type and quality of the imported steel, and consumption of imported steel by the NME producers; *see Olympia II*, Slip Op. 98–49 at 7). Specifically, Wafangdian and Luoyang suggest that the Department apply the test on a shipper-by-shipper basis by determining if (1) the trading company imports the steel, (2) the steel is used to produce the subject merchandise, (3) the value of the steel is reliable and non-aberrational, and (4) the quantity is meaningful. These respondents urge the Department to use actual prices wherever possible in the interest of fairness, accuracy, and predictability.

In response to Timken's arguments, Wafangdian and Luoyang contend that the statute is silent on the issue of prices on inputs imported into an NME. However, they argue that section 351.408(c)(1) of the new regulations directs the Department to use the price paid to the market economy supplier in cases where an FOP is imported from a market economy supplier and paid for in hard currency. Citing section 773(c)(1) of the Act, which requires the Department to value the FOP data using ''the best available information regarding the values of such factors in a market economy country,'' these respondents claim that the best available information is the price actually paid for the input. They agree with Timken that aberrational prices should be rejected, but argue that as long as the transaction is bona fide, the price should be presumed to be valid.

With respect to Timken's argument that the Department should investigate whether the prices of imported inputs are reliable, Wafangdian and Luoyang assert that it is clear from *Lasko Metal Products, Inc.* v. *United States*, 43 F.3d 1442, 1443 (Fed. Cir. 1994) (''*Lasko*''), that the import price is the best available information if the input is used to produce the subject merchandise and the import price is not aberrational. The same standard should be applied to situations where the NME importer is a trading company, which is the case in *Olympia II*, according to Wafangdian and Luoyang.

Another group of respondents believes that Timken's argument with respect to the use of actual import prices involves a strained interpretation of the statute. They say that Timken is wrong in asserting that the statute requires that the country of origin must be at the same level of economic development as the importing country and that the exporting country must be a significant producer of the merchandise. These respondents argue that the statute grants the Department broad discretion to determine which is the best available

information as demonstrated by long-established Department practice and court rulings. These respondents urge the Department to use the actual import prices paid by trading companies in market economy currencies.

Department's Position: The Department interprets section 773(c)(1) of the Act as authorizing a narrow exception to the statutory preference for selected surrogate country data. This exception applies only when the NME producer sources an input from a market-economy source and pays in a market-economy country currency. The court upheld this interpretation in *Lasko*. However, nothing in the *Lasko* decision alters the statutory mechanism for selection of surrogate values. Thus, as the court acknowledged in *Olympia Indus., Inc.* v. *United States,* Slip. Op. 97–44 (April 10, 1997) (''*Olympia I*''), import prices that pass through a trading company are not actual costs to the producer but rather, an alternative surrogate value. Specifically, the court states in *Olympia II,* ''As with the surrogate country data, it may be true that the trading company data does not represent actual prices paid for the steel input by the PRC * * * manufacturers. And, in this sense, the use of trading company data would also create a fiction'' (*see Olympia II,* Slip Op. 98–49 at 12). Therefore, the question is whether trading company import prices, as alternate surrogate data, are preferable to surrogate data from a market-economy country that is a significant producer and at a level of comparable economic development.

To assess the reliability of the Chinese trading company's steel prices, we have examined the factors outlined in the *Olympia II* remand: (1) the value and volume of steel imports, (2) the type and quality of the imported steel, and (3) consumption of imported steel by the NME producer. The record evidence demonstrates that the Chinese trading company purchased steel from a market-economy country, in a convertible currency. This company used a portion of the steel in its own production of TRBs but also sold a portion of the steel to an unrelated manufacturer. Based on the invoices for the imported steel, and the specifications of the steel sourced by the factories domestically, we conclude that the imported steel is of the same grade and has the same range of sizes as steel that the NME manufacturers used to produce the subject merchandise.

Regarding the value of the steel imported by the trading company, we found that the price paid by the trading company is within the range of prices created by the actual steel prices paid by PRC producers and our surrogate value. Consequently, the price paid by the PRC trading company is not aberrational. With respect to volume and consumption of steel by the NME producer we note that the amount of steel imported by the trading company was significant and that the NME producer in question consumed a significant amount of imported steel to produce the subject merchandise.

Based on the above, we are using the trading company import steel price as surrogate data for those companies that actually used the imported steel.

3. Exchange Rates

Comment 21: Exchange Rates

Wafangdian and Luoyang contend that the conversion of foreign-currency denominated surrogate factor values using the POR average exchange rate is contrary to the Act which, they argue, requires conversion based on the date of sale. Section 773A(a) of the Act states, ''[i]n an antidumping proceeding * * * [the Department] shall convert foreign currencies into United States dollars using the exchange rate in effect on the date of sale of the subject merchandise. * * *'' These parties state that conversion of factor values based on date of sale would be consistent with Department practice, citing Hand Tools 1998 and Notice of Final Determination of Sales at Less Than Fair Value: Brake Drums and Brake Rotors from the People's Republic of China, 62 FR 9160 (February 28, 1997) (''Brake Drums and Rotors'').

Timken counters that the use of daily exchange rates to convert foreign-currency denominated surrogate values is ''falsely accurate'' when the surrogate values themselves are annual averages of factor utilization rates and surrogate values. For example, Timken states that steel values are based on average import statistics for the POR, labor rates are based on annual YLS data, and overhead, SG&A and profit are based on annual reports. Timken states that section 773(c)(1) of the Act requires that the Department use ''the best information regarding the values of such factors * * * considered to be appropriate by the [Department],'' and that the Statement of Administrative Action (''SAA'') (at 841) states that the Department's practice is to ''ensure that the process of currency conversion does not distort dumping margins.'' Consequently, Timken contends that if the best surrogate values are annual averages then conversion of those values to dollars requires an average exchange rate. Timken asserts that, by applying an average exchange rate to the average surrogate values, Commerce is in fact applying a daily exchange rate.

Alternatively, Timken states that if respondents had desired a daily exchange rate they should have provided daily production factors. Timken states that if the Department decides that a daily rate should be used then, to avoid distortion, it should attempt to compute daily or, at least, weekly or monthly surrogate values.

Department's Position: In NME cases, the underlying data for valuing factors are often expressed in multiple currencies, including U.S. dollars. In fact, many of the factor values, such as the surrogate values obtained from certain import data and wage rates, will already be expressed in dollars. Because of this, the Department typically does not calculate NV in terms of the domestic currency of the surrogate country. Instead, individual factor values that are expressed in currencies other than dollars, are converted to dollars using an average POR exchange rate. Consequently, NV is expressed in dollars and no currency conversion, pursuant to section 773(A) of the Act, is necessary.

We acknowledge that the Department converted certain surrogate factor values denominated in foreign currencies to U.S. dollars on the date of sale in Hand Tools 1998. However, we disagree with respondents that it is the Department's practice to put foreign currency denominated surrogate values in U.S. dollars by using a date of sale exchange rate. In fact, the Department has had a long-standing practice of converting such values using a POR/POI average exchange rate. Both prior to and since the implementation of the URAA, it has been the Department's practice to convert POR/POI-contemporaneous foreign currency surrogate values to U.S. dollars using the average POR/POI exchange rate (*see*, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium and Nitrided Vanadium From the Russian Federation, 60 FR 27957 (May 26, 1995); and the public versions of the surrogate valuation memoranda for the following PRC final determinations: Certain Cased Pencils, Polyvinyl Alcohol, Natural Bristle Paint Brushes and Brush Heads, Brake Drums and Brake Rotors [1], Collated Roofing Nails, Pure Magnesium, and Manganese Metal, dated October 31, 1994, March 22, 1996, September 20, 1996, February 21, 1997, May 15, 1997 and January 14, 1998, and March 9, 1998, respectively. See Memorandum to File, ''Placement of

[1] Despite respondents' assertion to the contrary, surrogate values were converted to U.S. dollars based on a POI average exchange rate, as is clear in the calculation memorandum.

Prior Surrogate Valuation Memoranda on Record,'' dated November 9, 1998 (''Prior Surrogate Valuation Memoranda''). Additionally, since the decision in Hand Tools 1998, the Department has continued to use POR-average exchange rates in other cases (*see*, e.g., Porcelain-on-Steel Cooking Ware From the People's Republic of China: Final Results of Changed Circumstances Antidumping Duty Administrative Review and Intent Not To Revoke Antidumping Duty Order, In Part, 63 FR 27261 (May 18, 1998)), continuing the practice of using average exchange rates as detailed in that cases preliminary determination at 63 FR 1434, 1436; and the public version of the calculation memorandum dated August 7, 1998 for Sebacic Acid From the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 63 FR 43373 (August 13, 1998). See Prior Surrogate Valuation Memoranda.

Finally, when read as a whole, along with the SAA and various court decisions, we do not believe that the Act requires the conversion of surrogate values to U.S. dollars using a daily exchange rate. The SAA states that the URAA ''*tracks existing practice*, the goal of which is to ensure that the process of currency conversion does not distort dumping margins.'' *See* SAA at 841. As detailed above, the use of POR/POI average exchange rates to convert surrogate values has been the Department's general practice, with origins prior to the implementation of the URAA. Given the language of the SAA, we disagree that the intent of section 773A(a) of the Act was to change the Department's practice in this regard. Additionally, the courts have given great deference to the Department in applying section 773(c)(1) of the Act in resolving any variance between Department practice and other provisions of the Act in NME cases. *See*, e.g., Lasko. Section 773(c)(1) states that in NME cases ''the valuation of the factors of production shall be based on the best available information,'' and the Department has stated that it has an obligation to choose surrogate values that emphasize ''accuracy, fairness, and predictability''. *See* Final Determinations of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans From the People's Republic of China, 56 FR 55271, 55275 (October 25, 1991). Since, as Timken notes, we are converting POI/POR average values, use of a POI/POR average exchange rate may enhance the accuracy of our calculations.

In addition, there are other instances where the Department uses an exchange rate other than one tied to a sale date. For example, when computing NV based on CV in a market economy case, the Department does not require respondents in antidumping proceedings to convert foreign currency purchases of input products based on the date of a sale, but rather on the date the currency transaction took place. In the portion of section 773A(a) dealing with transactions in the forward market there is an indication that the intent of this section was to make currency conversions based on the date of sale only if the conversion is ''directly linked to an export sale under consideration.'' This indicates that this section does not address currency conversion for inputs used in the production process. Instead, this provision seems to clearly address conversion of NV, circumstance of sale adjustments, and actual movement charges associated with sales. We therefore are continuing to use an average currency conversion rate in this case.

4. Freight

Comment 22: Ocean Freight

Respondents argue that the Department should use ocean freight rates provided by the Federal Maritime Commission (''FMC'') rather than rate quotes received from private shipping companies when calculating ocean freight costs. Respondents propose that the Department use these values because they represent actual costs and fulfill the Department's statutory obligation of calculating dumping margins as accurately as possible. Respondents suggest that the shipping company rate quotes are uncorroborated and potentially inflated. Because the FMC data are numerically closer to freight costs derived from IM–145 data, respondents suggest that they are the accurate and appropriate values to use. Citing Carbon Plate, respondents state that the Department has consistently relied on actual costs and not theoretical quotations in dumping cases.

Timken suggests that respondents' data, a 1995 Federal Maritime Commission & Company Quotes report for 20- and 40-foot containers shipped from China to the United States, do not reflect actual costs for the POR. Timken points out that there is neither evidence supporting the FMC data as actual costs, nor evidence showing that the Maersk rate quotes the Department used in its Preliminary Results were inflated. Timken finds that the name of the FMC report, specifically the phrase ''Company Quotes,'' suggests that the FMC information does not reflect actual costs. Timken finds that the Maersk rate quotes are contemporaneous with the POR, where the FMC data are not, and that the FMC data do not provide any advantage over the source used for the Preliminary Results. Furthermore, Timken concludes that the Maersk quotes also contain surcharges and adjustments which may not be included in the FMC data, making the FMC data more appealing to respondents. Timken notes that in Carbon Plate, IM–145 data were used because the values published in *Shipping Intelligence Weekly* were ''average earnings'' and rates for only the most efficient vessels. Maersk data are neither averages nor limited to certain vessels. Timken also points out that the Maersk data are more detailed and not affected by transfer prices which are possibly included in the values reported in respondents' exhibit.

Department's Position: We agree with Timken and have continued to use the Maersk rate quotes for valuing ocean freight. The Maersk rates quotes reflect actual ocean freight costs that Chinese TRB producers would face, are contemporaneous with the POR, and include all the applicable surcharges incurred for the shipment of TRBs.

Comment 23: Application of Sigma

Wafangdian and Luoyang argue that the Department disregarded the Court's decision in Sigma Corporation v. United States, 117 F.3d 1401 (Fed. Cir. 1997) (''Sigma'') by applying the SG&A, overhead and profit ratios to the inland freight component of input costs. Additionally, Wafangdian and Luoyang argue that the Department's practice of limiting the amount of inland transportation included in the surrogate valuation of an imported input to the shorter of the distance between the port and the factory or the distance between the domestic supplier and the factory is inaccurate in certain circumstances. Specifically, Wafangdian and Luoyang state that, if the distance is shorter than 25 kilometers, then this distance already is included in the surrogate value and, therefore, should not be separately valued. Furthermore, Wafangdian and Luoyang argue that the Department aggravates this double-counting by applying overhead, SG&A and profit to the surrogate value calculation.

With respect to respondents' first point, Timken replies that Sigma does not address the issue of application of overhead, SG&A and profit rates to the inland freight component of input costs, nor does it require the Department to distort these rates as suggested. In fact, Timken states, when the Department adds the freight component prior to the application of these rates, it takes into

account the fact that the denominator of the rates includes such freight costs, as admitted by respondents.

Department's Position: We agree with Timken that Sigma does not address the issue of the application of the overhead, SG&A and profit ratios and the appropriateness of applying these ratios to the freight component of input costs. Given that the Indian financial statements include these costs, which are included in the denominator of the ratio calculations, it is appropriate to apply these ratios to the freight component of input costs. We also disagree with respondents' second point that the inland freight from the Chinese port to respondents' factory is included in the import price which we are using as the surrogate value. Rather, it is clear from the purchase invoice that the input was sold to respondents under ''Cost and Freight—Chinese Port'' terms. As a result, we have followed our normal practice of including in the surrogate a valuation of the imported input which is the shorter of the distance between the port and the factory or the distance between the domestic supplier and factory (*see*, e.g., Natural Bristle Paintbrushes and Brush Heads From The People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review, 62 FR 60228, 60230 (November 7, 1997)).

Comment 24: Surrogate Value for Brokerage and Handling

Wafangdian and Luoyang argue that the Department made an error when it calculated the surrogate value for brokerage and handling in the Preliminary Results. The FOP memorandum used in the Preliminary Results indicates that the Department used brokerage and handling data for the period August-October 1993. In order to calculate the corresponding value for the POR, the Department used an inflator which was obtained by dividing the average wholesale price index (''WPI'') for the POR by the WPI for 1993. Wafangdian and Luoyang claim that the surrogate value used was for the period October 1993-January 1994 (not August-October 1993). Furthermore, they argue, as a denominator, the Department should use the average WPI for the few months corresponding to the source data and not the average WPI for the entire 1993.

Timken responds that the Preliminary Results clearly indicates that the Department used surrogate brokerage and handling data for the period August–October 1993. Therefore, Timken argues, the Department should either continue to use the average WPI for the entire 1993 or use the WPI for the period August–October 1993.

Department's Position: We agree with respondents that the average WPI for 1993 is unnecessarily broad. Moreover, we note that the FOP memorandum used in the Preliminary Results incorrectly stated that the source data were for the period August–October 1993. The dates of the data should correspond with the shipping dates, which are actually October 1993 to February 1994. Therefore, to calculate the most accurate value for brokerage and handling, we have inflated the monthly source data by the corresponding monthly WPI. In addition, when making these adjustments, we noted that all observations for each shipment date were identical, but some shipments had more observations than others. Consequently, using all observations (as was done in the Preliminary Results) gives disproportionate weight to certain sales. Therefore, we determine that it is more appropriate to use only one observation from each shipment date. We then calculated a simple average of those values.

5. Miscellaneous Issues

Comment 25: Valuation of Electricity Inputs

Timken contends that the Department should change its methodology for valuing electricity and use average electricity rates for large industries in the areas where Indian bearing producers are located rather than a simple average of Indian regional electricity prices for large industries. Timken states that it is an abuse of discretion for the Department to adopt a less accurate national average rate for India and ignore the available evidence specific to the production of bearings where there is (data of) greater precision on the record. Timken dismisses the Department's precedents in Notice of Final Determination of Sales at Less Than Fair Value; Polyvinyl Alcohol From the People's Republic of China, 61 FR 14057, 14062 (March 29, 1996) (''PVA'') and Manganese Metal (63 FR at 12446) as to valuation of electricity as irrelevant because those cases dealt with the relationship between energy prices and the location of the industry, and specifically, with the reasons for regional differences in electricity prices. Timken argues that the Department should select an industry-specific surrogate value for electricity as it does for material inputs such as bearing quality steel, labor and other capital costs including overhead, SG&A, and profits ratios so that its surrogate valuation is predictable and rational.

Respondents argue to the contrary that the Department should continue to apply average Indian electricity rates for the purpose of the final results. Respondents state that the Department has a well-settled practice of using electricity rates from the country as a whole as a surrogate value and cites recent cases. *See*, e,g., PVA, 61 FR at 14062; Manganese Metal, 63 FR at 12446; Notice of Preliminary Results of the Antidumping Duty Administrative Review of Chrome-plated Lug Nuts from the People's Republic of China, 63 FR 31719, 31722 (June 10, 1998) (''Lug Nuts''); and Notice of Preliminary Results of Antidumping Administrative Review of Sulfanic Acid from the People's Republic of China, 62 FR 25917, 25919 (May 12, 1997) (''Sulfanic Acid'').

Department's Position: We agree with respondents. The Department established a practice of using a simple average of country-wide Indian state electricity rates as a surrogate value for Chinese electricity rates unless a party has shown that a company can be located only in a specific state (*See* Manganese Metal, 63 FR at 12446, PVA, 61 FR at 14062, Sulfanic Acid, 62 FR at 25919 and Lug Nuts, 63 FR at 31722.) Timken's argument of using industry and state-specific electricity rates as a surrogate value was considered and rejected in PVA, 61 FR at 14062, wherein we stated, ''* * * [t]here is insufficient basis to assume that the electricity rates from the Indian states selected by Timken are more appropriate for surrogate value than electricity rates in other states. Other factors beside production level, such as methods of generation and transmission as well as overall demand, are determinants of price. Since there is not sufficient information on the record to weigh the appropriateness of using one Indian state's electricity rates over those in another, we have based the surrogate value on the simple average of all Indian state rates. * * *'' In Manganese Metal, 63 FR at 12446, we again rejected a similar industry and state-specific electricity rates argument and explained that, ''* * * [t]here is insufficient evidence on the record from which to conclude that the developments affecting the electricity prices of Indian ferromanganese necessarily reflect conditions in which the PRC manganese metal producers likewise must operate. * * * In lieu of concrete evidence that the higher state-specific rates are directly a result of the presence of manufacturers of identical or comparable merchandise, Departmental

practice in past cases has been to take a simple average of electricity rates for the surrogate country as a whole.'' In the instant case, there is no evidence on the record to show that there is a direct or causal relationship between the presence of TRB producers in a locale and the electricity rates for that locale.

We disagree with Timken's assertion that the Department is abusing its discretion by using a simple average of country-wide electricity rates as a surrogate value. Electricity prices are subject to a number of influences specific to the location of the plant. These include: local market conditions, state intervention, methods of transmission, distribution of power generation and privatization. Simply put, there are more variables to consider and weigh than the location of the industry because of the nature of the electricity industry in India. Thus, it is fair and reasonable to use a simple average for large industries in all Indian states as a surrogate value for electricity rates.

Comment 26: Premier has acted to the best of its ability

Premier argues that the Department's use of adverse facts available in the Preliminary Results, because it was unable to supply information from its unaffiliated suppliers, was not appropriate; nor was it consistent with the Department's past treatment. Premier argues that, despite its incomplete questionnaire response, it has cooperated to the best of its ability. Premier notes that it has provided evidence of its attempts to contact its suppliers in order to acquire FOP data and has provided, in several cases, its suppliers' letters refusing to provide these data. Premier suggests that because this concrete evidence is now on the record, Premier has proven that it acted to the best of its ability in cooperating with the Department in this review and therefore, should not be adversely treated in the application of facts available. According to Premier, its actions in this review are identical to those in TRBS VIII where Premier cooperated with the Department, yet was unable to provide FOP data for all of its sales. The Department should, therefore, not resort to an adverse rate for those sales not covered by the FOP data supplied by Premier. Premier suggests that the Department use a methodology like that used for Chin Jun in the Preliminary Results of this review, where the Department applied a weighted average margin calculated from those sales for which acceptable data were available to sales not represented by FOP data.

Timken insists that the Department rely upon adverse facts available when substantial data are missing for a particular respondent, as in the case of Premier. Timken cites TRBs IV–VI showing that the Department applied ''best information available'' to determine margins for Peer and Chin Jun when FOP data were not available. The Department used the company specific dumping margin from the previous POR for these sales. Timken also cites *National Steel* v. *United States*, 870 F. Supp. 1130, 1136 (CIT 1994) where the Court of International Trade found that the ''quality and completeness of the data, and not Peer's cooperation are the determining factors in establishing the appropriateness of the partial BIA rate.''

Timken suggests that the Department is not required by the statute to analyze the reasons why a respondent was not able to provide the information requested by the Department. According to the Timken, citing *Koyo Seiko Co., Ltd.* v. *United States*, 905 F. Supp. 1112, 1116–17 (CIT 1995), the Department has the authority to ''resort to the highest rate assigned * * * in a previous review as partial BIA for those sales.'' Timken suggests that the Department should create an incentive for Premier's suppliers to come forward in the future by applying an adverse rate to those sales that are not represented by FOP data. According to Timkin, if the Department applies Premier's calculated margin to sales that are not represented by FOP data, this only encourages producers to sell through exporters that have separate rates. If an adverse rate was applied to these producers, it would encourage them to come forward in the future and supply the factor values.

Timken further contends that Premier has not shown that it has acted to the best of its ability to provide factor information in this review. Timken reminds the Department that Premier has participated in all of the Department's reviews of this case. According to Timken, Premier's efforts to prove that it attempted to provide the factors data bring into question the accuracy and completeness of Premier's responses. Timken notes that there were inconsistencies between the lists of suppliers in various responses and suggests that this could reflect additional insufficiencies in Premier's sales listings. Timken suggests that the Department reject all of Premier's partial responses and apply adverse facts available to all of Premier's sales.

Department's Position: We are continuing to apply a partial adverse facts available rate to Premier's U.S. sales that are lacking corresponding FOP data. Section 776(b) of the Act provides that an adverse inference may be used against a party that has failed to cooperate by not acting to the best of its ability to comply with a request for information. Furthermore, section 353.37 of the Department's regulations states that ''[I]f an interested party refuses to provide factual information requested by the Secretary or otherwise impedes the proceeding, the Secretary may take that into account in determining what is the best information available'' (54 FR 12784).

In this case, we determine that Premier has not acted to the best of its ability. Premier was unable to provide letters from all of its suppliers responding to Premier's request for information. Instead, it relies heavily on an affidavit from its marketing executive stating that he had contacted the companies listed in Premier's response. Moreover, Premier submitted contradictory information as to whom its suppliers were, correcting misinformation only after repeated questions by the Department. Taking into account that this is the tenth review of the antidumping order on TRBs from the PRC, and that Premier has participated in several reviews, we find that Premier has not acted to the best of its ability.

For these reasons, the Department finds that applying adverse facts available is appropriate. Therefore, as in the Preliminary Results, we are applying a rate of 25.56 percent ad valorem to Premier's U.S. sales for which factors data was not provided.

Comment 27: Premier's Inland Freight Expenses

Premier claims that its inland transportation was provided by market-economy companies. Upon the Department's request, Premier clarified information in its response concerning the use of market economy freight forwarders to transport goods from China to the United States. Premier contends that these freight forwarders are Hong Kong companies and were paid in hard currency. Premier insists that the Department should apply the actual market economy inputs to value these factors for the final results.

Department's Position: Premier has reported that its freight forwarding expenses, including inland freight charges, were paid in hard currency. Absent evidence on the record to the contrary, for purposes of these final results, the Department has recalculated Premier's margin to apply its actual costs for inland freight.

Comment 28: Revocation of Order for Luoyang

Luoyang argues that the Department should revoke the order with respect to TRBs produced and/or exported by Luoyang. Luoyang states that it provided the Department with the necessary certifications stating that it had not sold subject merchandise as less than fair value during the current review period and would not do so in the future, and agreed to reinstatement of the order if goods were subsequently sold at less than NV. Luoyang states that after corrections are made, it will receive a zero dumping margin in the final results.

Timken argues that Luoyang does not qualify for revocation because it received a margin of 2.35 percent in TRBs IX and received a margin of 1.82 percent in the Preliminary Results. Therefore, according to Timken, Luoyang does not currently have three consecutive years of no dumping, as required by the Department's regulations (*see* 19 CFR 353.25(a)(2)(i)), to qualify for revocation, even though it did have three consecutive years of no dumping prior to the 1995–96 review.

Department's Position: As Timken points out, Luoyang received a margin of 2.35 percent in the preceding review. Given that Luoyang does not meet the Department's first criterion for revocation, namely that at the time of revocation that a respondent have three years of no sales of subject merchandise at less than fair value, we are not revoking the order with respect to this respondent.

Comment 29: Luoyang's Imported Steel Surrogate Value

Timken notes several apparent discrepancies between Luoyang's FOP database, the verification report, and the Department's calculation memorandum, with regard to Luoyang's use of imported steel.

Luoyang states that any inconsistencies in its database were clarified prior to verification, confirmed by the Department at verification, and reflected in the Department's Preliminary Results.

Department's Position: We agree with Luoyang that our Preliminary Results reflected the clarifications to its FOP database submitted prior to verification, and that these clarifications were verified by the Department. Therefore, no adjustments were necessary.

Comment 30: Luoyang's Well and Circulation Pump Electricity

Luoyang contends that the Department improperly included the electricity Luoyang used to power its well and water circulation pumps as part of its electricity factor usage. Luoyang argues that, because this electricity is used to provide water as a coolant for the turning and grinding stages of production and cannot be directly linked to production output, it should be included in overhead rather than considered as a direct cost. Consistent with the Department's decision in TRBs VIII that power which cannot be directly linked to production output be incorporated as overhead, Luoyang states that the electricity used by the well and circulation pumps should be included in overhead.

Timken counters that section 773(c)(3) of the Act requires that the Department separately identify, quantify and value all ''energy and utilities consumed'' in producing subject merchandise. Timken contends that, given the statutory language, there is no basis for allocating electricity usage between direct costs and other activities. Furthermore, Timken states that there is no apparent method for splitting the energy costs of the eight Indian producers between direct input costs and overhead, nor does Luoyang offer any such methodology.

Department's Position: As explained in the Preliminary Results, we separately quantified and valued the energy consumed in producing the subject merchandise separate from overhead. This means that we did not include the Indian producers' energy in calculating overhead, and our overhead ratio is net of energy. Therefore, it is appropriate to value Luoyang's electricity as a direct cost.

Our treatment of electricity in this case can be distinguished from TRBs VIII, where we incorporated the consumption of energy as part of overhead. The present case is distinct because we have been able to directly quantify and value energy as a factor input. Furthermore, as Timken has noted, it would be impossible to split the energy costs of the Indian producers between direct input costs and overhead. Thus, any attempt to make the adjustment Luoyang has recommended, would lead to inaccurate overhead and SG&A ratios. Therefore, we have not altered our calculation methodology for these final results.

Comment 31: Factor Value for Cages for Luoyang

Luoyang alleges that, in the Preliminary Results, the Department erroneously applied an imported steel input value for one of the TRB components instead of applying the scrap value. Luoyang argues that it reported that a particular TRB component was manufactured with scrap sourced within the factory. Luoyang explains that, rather than selling the scrap derived from the production of non-subject merchandise, Luoyang instead reuses the recovered scrap in the manufacture of a TRB component. Accordingly, Luoyang maintains, the factor value of the reused scrap steel should equate to the scrap value and not the full imported steel value.

Timken argues that Luoyang does not use ''scrap'' to manufacture certain components, but Luoyang, as described in the verification report, uses the same piece of steel sheet to cut patterns for components of different sizes. Timken contends that these smaller pieces cannot be defined as ''scrap'' because they are new steel material. Furthermore, Timken maintains that scrap is not sold in uniform cut-to-size batches and that the raw material used for both the larger and smaller components was steel sheet, not scrap.

Department's Position: We agree with Timken. As set forth in TRBs IV–VII we have valued scrap-steel inputs as new steel because the scrap input reported by Luoyang was not purchased as scrap, but rather, Luoyang paid the full price for this steel. According to Luoyang's verification report, the pattern for the TRB component in question is cut from the same material that a larger non-subject merchandise component is made from. *See* Memorandum to Susan H. Kuhbach: ''Verification of Factors of Production for Luoyang Bering Corporation (Group) Company Limited'' dated June 18, 1998. Therefore, this component was made from first quality steel sheet and not from scrap as Luoyang maintains. Furthermore, as indicated in the verification report, the steel sheet that remains when the larger component is cut, is never recorded as scrap nor is it entered into the scrap warehouse. Therefore, we valued the steel input for this component from the market-economy source reported by Luoyang and not as scrap.

Comment 32: Reported Amounts for Pallets for Luoyang

Luoyang maintains that in the Preliminary Results the Department correctly concluded that the pallets used to ship the subject merchandise were reported in kilograms. Luoyang contends that it provided the requested per-unit amount of packing materials in its revised factors of production database. Therefore, Luoyang argues that the Department should continue to use these data for the final results.

Timken argues that based on Luoyang's confusing descriptions of the data, it is unclear whether the pallets were reported in kilograms, on a per-kilogram basis, or on a per-unit basis, and that the Department must ascertain what was actually reported and make any necessary correction to the final results.

Department's Position: We agree with Luoyang. In the Preliminary Results, we assumed that Luoyang's usage of pallets was reported on a per kilogram basis. Upon further review, the pallets used by Luoyang were reported in kilograms. Therefore, we are not changing our treatment of Luoyang's pallet valuation.

Comment 33: Imported Steel for Tolled Bearing Production

Respondent CMC argues that it appears the Department erroneously applied surrogate values rather than the actual costs of imported steel which was used by one of its suppliers through a tolling arrangement. Citing a memorandum issued in conjunction with the Preliminary Results (*see* Memorandum to Richard Moreland: ''Market Economy Inputs,'' dated June 30, 1998), CMC notes that the Department indicated that it would use the price actually paid for this imported steel when calculating CMC's margin in the Preliminary Results. CMC asks the Department to use the imported price in its final results.

Department's Position: Contrary to CMC's assertion, we did, in fact, use the price of the steel imported by CMC to value steel for this producer. We have modified the description in the log of the margin program to more clearly reflect the use of this value.

Comment 34: Imported Steel for One of CMC's Suppliers

Timken argues that the Department should not apply an imported steel value to reported steel factors for one of CMC's suppliers, as CMC provided no evidence that this steel was imported. Further, Timken notes that it appears that the Department did not use the most recent database submitted by this supplier in its preliminary calculations.

Respondent CMC agrees with Timken that the Department used the wrong data submission in its preliminary calculation. CMC argues, however, that the Department should use the value of imported steel value for this factor.

Department's Position: We agree that we erred in our Preliminary Results by using the wrong database, and we have corrected this for the final results. We have continued to value steel factors for this producer using the surrogate value for steel. CMC did not provide any support for its claim in earlier responses that this supplier used imported steel, and, further, CMC reclassified this steel as ''domestic'' in its most recent data submission.

Comment 35: Surrogate packing costs for boxes

In our Preliminary Results, we calculated surrogate values for the packing materials using Indian import statistics. Wafangdian argues that the Indian import statistics for wooden crates (which is one of several types of packing material used by TRB producers and exporters) included an aberrational figure, the cost of crates imported from Germany. According to Wafangdian, the cost of the German crates was not only extraordinarily high compared to other imported crates, but also substantially higher than Indonesian surrogate values for packing materials. Wafangdian, therefore, asks the Department to exclude the German value from its calculation of the surrogate packing cost.

Timken agrees that the calculation of the surrogate packing cost is erroneous, but not for the reason claimed by Wafangdian. Timken notes that, while the Department's calculation is in ''Rs. per kilo,'' Indian import data for wooden crates are recorded in kilos only for April and May 1996, whereas later import statistics are recorded in number of units. Therefore, Timken says, the Department should use only the import data for the period April-May 1996.

Department's Position: We disagree with Wafangdian that the German prices should be excluded from the calculation. Because we do not have specific information on the sizes of the boxes being imported, it is inappropriate to selectively exclude certain imports from the calculations. Therefore, we believe it is appropriate to use the average value for all wooden crates within HTS category 4415.1000 in its entirety.

We agree with Timken with respect to the reporting of the value in the Indian import statistics and we acknowledge that the numbers reported for April 1996—March 1997 are labeled as number of units. However, we question whether this was simply a labeling error, given the inconsistent treatment of Nepal's exports to India. In that case, the data did not change from one reporting period to the next; however, in one instance the figures are reported in kgs and in another they are reported in units. Moreover, it is not appropriate to only use April and May 1996 data, as Timken has suggested, since these data are outside of the POR. Therefore, to confirm that we are using data reported only in Rs/kg, we have obtained the same Indian import statistics for HTS category 4415.1000 for the months June 1996 through January 1997. The monthly statistics for June 1996 through January 1997 are all reported in kgs. Therefore, for these final results, we used only data that are clearly labeled as Rs/kg and we calculated a POR average of 116.31 Rs/kg. Since these data are contemporaneous with the POR, no inflation adjustment is necessary.

Comment 36: Surrogate for boxes used by Wafangdian

Wafangdian argues that the Department should use Indonesian import statistics to value its wooden boxes (HTS 4415.10110), rather than Indian import statistics, because this figure is more specific to the plywood boxes used by Wafangdian during the POR.

Department's Position: We have not adopted Wafangdian's suggestion. There is no evidence on the record that indicates that the boxes used by Wafangdian are more like the boxes covered by Indonesian import statistics than those covered by Indian import statistics. Therefore, we have continued to use Indian import statistics for valuing the wooden boxes used by Wafandian.

Comment 37: Inappropriate use of facts available

Chin Jun claims that the Department inadvertently resorted to facts available for models where FOP data were available. Chin Jun argues that these models were produced by ZX and that the Department, therefore, should use ZX's FOP data.

Department's Position: We agree with Chin Jun that ZX's FOP data should be applied to the appropriate corresponding U.S. sales. We have reviewed our calculations and made the necessary changes.

Final Results of the Review

As a result of our analysis of the comments we received, we determine the following weighted-average margins to exist for the period June 1, 1996, through May 31, 1997:

Manufacturer/exporter	Margin (percent)
Wafangdian	0.00
Luoyang	3.20
CMC	0.03
Xiangfan	33.18
Zhejiang	0.05
Wanxiang	0.00
Liaoning	0.02
Premier	7.21

Manufacturer/exporter	Margin (percent)
Chin Jun	0.04
ZX (the new shipper)	0.00
PRC Rate	33.18

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. With respect to export price sales for these final results, we divided the total dumping margins (calculated as the difference between NV and export price) for each importer/customer by the total number of units sold to that importer/customer. 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 relevant 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 for the review period will be almost exactly equal to the total dumping margins.

For constructed export price sales, we divided the total dumping margins for the reviewed sales by the total entered value of those reviewed sales for each importer/customer. 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 reviewed those sales of merchandise actually entered during the POR.

The following deposit requirements will be effective upon publication of this notice of final results of administrative review for all shipments of TRBs entered, or withdrawn from warehouse, for consumption on or after the date of publication, as provided by section 751(a)(1) of the Act: (1) The cash deposit rates for the PRC companies named above will be the rates shown above, 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 33.18 percent (the proceeding's highest margin); (3) for non-PRC exporters, Premier and Chin Jun, the cash deposit rates will be the rates established above; (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 shall remain in effect until publication of the final results of the next administrative review.

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 353.26(b) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as the only reminder to parties subject to administrative protective orders (''APO'') of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d) or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

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

Dated: November 9, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30739 Filed 11–16–98; 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; Final Results of Antidumping Duty Administrative Reviews

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

ACTION: Notice of Final Results of Administrative Reviews

SUMMARY: On July 10, 1998, the Department of Commerce (the Department) published the preliminary results of the 1996–97 administrative reviews of the antidumping duty order on tapered roller bearings (TRBs) and parts thereof, finished and unfinished, from Japan (A–588–604), and the antidumping finding on TRBs, four inches or less in outside diameter, and components thereof, from Japan (A–588–054) (*see 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*, 63 FR 37344 (July 10, 1998) (*TRB Prelim*)). The review of the A–588–054 finding covers one manufacturer/exporter of the 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 one manufacturer/exporter and the period October 1, 1996, through September 30, 1997. We gave interested parties an opportunity to comment on our preliminary results. Based upon our analysis of the comments received we have changed the results from those presented in our preliminary results of review.

EFFECTIVE DATE: November 17, 1998.

FOR FURTHER INFORMATION CONTACT: Charles Ranado or Stephanie Arthur, Office of AD/CVD Enforcement III, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone: (202) 482–3518 or 6312, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are in reference to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930, as amended (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations refer to 19 CFR part 351 (April 1, 1998).

Background

On August 18, 1976, the Treasury Department published in the **Federal Register** (41 FR 34974) the antidumping finding on TRBs from Japan, and on October 6, 1987, the Department published the antidumping duty order on TRBs from Japan (52 FR 37352). On