from the factory than the CEP level and there is no basis for determining whether the differences in the levels between NV and CEP affects price comparability, we adjust NV under section 773(A)(7)(B) of the Act (the CEP offset provision). (*See e.g.*, Certain Carbon Steel Plate from South Africa, Final Determination of Sales at Less Than Fair Value, 62 FR 61731 (November 19, 1997).)

In implementing these principles in this review, we asked HSI to identify the specific differences and similarities in selling functions and/or support services between all phases of marketing in the home market and the United States. HSI identified two channels of distribution in the home market: (1) Wholesalers/distributors and (2) end-users. For both channels, HSI performs similar selling functions such as order processing, delivery arrangement, and customer liaison. Because channels of distribution do not qualify as separate levels of trade when the selling functions performed for each customer class are sufficiently similar, we determined that there exists one LOT for HSI's home market sales.

For the U.S. market HSI reported one LOT: EP sales made directly to its U.S. customers. When we compared EP sales to home market sales, we determined that sales in both markets were made at the same LOT. For both EP and home market transactions HSI sold directly to the customer and provided similar levels of order processing, delivery arrangement, and customer liaison. Based upon the foregoing, we determined that HSI sold at the same LOT in the U.S. as it did in the home market, and consequently no LOT adjustment is warranted.

Preliminary Results of Review

We preliminarily determine that a margin of 0.00 percent exists for HSI for the period June 1, 1997 through May 31, 1998. We will disclose calculations performed in connection with this preliminary results of review within 10 days after the date of any public announcement, or if there is no public announcement within 5 days of publication of this notice. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 5 days after the deadline for filing case briefs. Any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 2 days after the deadline for filing rebuttal briefs unless the Secretary alters the date. The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 90 days after the date of these preliminary results.

Upon completion of this new shipper administrative review, the Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. We have calculated importer-specific *ad valorem* duty assessment rates based on the total amount of antidumping duties calculated for the examined sales as a percentage of the total value of subject merchandise entered during the POR. These rates will be assessed uniformly on all entries made during the POR. The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties.

Upon completion of this review, the posting of a bond, or security in lieu of cash deposit, pursuant to section 751(a)(2)(B)(iii) of the Act and § 351.214(e) of the Department's regulations will no longer be permitted and, should the final results yield a margin of dumping, a cash deposit will be required for each entry of the merchandise.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this new shipper review for all shipments of PET film from the Republic of Korea entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this new shipper review, as provided by section 751(a)(1) of the Act: (1) the cash deposit rate for HSI will be the rate established in the final results of this new shipper review; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the less than fair value (LTFV) investigation or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in this review or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise in the final results of this review or the LTFV investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews, the cash deposit rate will be 21.5%, the ''all others'' rate established in the LTFV investigation.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 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 new shipper review and notice are in accordance with section 751(a)(2)(B) of the Act 19 CFR 351.214(d).

Dated: May 3, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–11724 Filed 5–7–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–028]

Roller Chain, Other Than Bicycle From Japan: Preliminary Results, Intent Not To Revoke in Part, and Partial Rescission of Antidumping Duty Administrative Review

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

ACTION: Notice of preliminary results, determination not to revoke in part, and partial rescission of antidumping duty administrative review.

SUMMARY: In response to timely requests for administrative review from the petitioner, the American Chain Association, and five manufacturers/exporters for the period April 1, 1997, through March 31, 1998, the Department of Commerce is conducting an administrative review of the antidumping finding on roller chain, other than bicycle from Japan. We have preliminarily determined that sales of the subject merchandise have been made below normal value. If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to assess antidumping duties based on the difference between the export price or constructed export price and the normal value.

Because two respondents failed verification, we based the margin for

these companies on the facts available, in accordance with 776(a)(2) of the Tariff Act of 1930, as amended.

Interested parties are invited to comment on the preliminary results of this review. Parties who submit comments on issues in this proceeding should submit with each comment (1) a statement of the issue; and (2) a brief summary of their comment.

EFFECTIVE DATE: May 10, 1999.

FOR FURTHER INFORMATION CONTACT: Zev Primor or Wendy Frankel, AD/CVD Enforcement, Group II, Office Four, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–4114 and (202) 482–5849, respectively.

The Applicable Statute and Regulations

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

SUPPLEMENTARY INFORMATION:

Background

On April 12, 1973, the Department published in the **Federal Register** an antidumping finding on roller chain, other than bicycle from Japan (roller chain) (38 FR 9926). On April 13, 1998, the Department published a notice of ''Opportunity to Request an Administrative Review'' of this antidumping finding for the period of review (POR), April 1, 1997, through March 31, 1998 (63 FR 17985). On April 24, 1998, and April 30, 1998, we received requests for administrative review of this antidumping finding from five manufacturers/exporters of roller chain from Japan: (1) Daido Kogyo Company, Ltd. (DK); (2) Enuma Chain Manufacturing Company (Enuma); (3) Sugiyama Chain Company, Ltd. (Sugiyama); (4) Izumi Chain Manufacturing Company, Ltd. (Izumi); and (5) Oriental Chain Company (OCM), as well as from two resellers of roller chain from Japan to the United States: (1) Daido Tsusho Company, Ltd./Daido Corporation (DT) and (2) Tsubakimoto Chain Company, Ltd./U.S.-Tsubaki (Tsubakimoto). On April 27, 1998, the petitioner, the American Chain Association (ACA), requested an administrative review of these same seven entities, as well as four other manufacturers/exporters and three other resellers of roller chain from Japan to the United States. The four other manufacturers/exporters are: (1) HKK Chain Corp./Hitachi Metals Techno Ltd. (HMTL); (2) Pulton Chain Company Inc. (Pulton); (3) R.K. Excel Company Ltd. (RK); and (4) Kaga Industries Co., Ltd. (Kaga). The three other resellers are: (1) Alloy Tool Steel Inc. (ATSI); (2) HMTL/Hitachi Maxco Ltd./HKK (Hitachi Maxco); and (3) Nissho Iwai Corporation (NIC). In their April 24, 1998 letters, Daido and Enuma also requested partial revocation of the finding as to themselves, pursuant to section 351.222(b)(2)(i) of the Department's regulations. (*See* the ''Determination Not to Revoke'' section of this notice.) On May 29, 1998, the Department published a ''Notice of Initiation of Administrative Review'' (63 FR 29370) covering the POR April 1, 1997, through March 31, 1998, for the above manufacturers/exporters/resellers (collectively, the respondents).

On June 12, 1998, we issued antidumping questionnaires to the respondents. The Department received questionnaire responses in August, September, and October 1998. We issued supplemental questionnaires in November and December 1998, and January 1999. We received responses to these supplemental questionnaires in December 1998, and January and February 1999.

Partial Rescissions

1. Pulton

As a result of our analysis of factual information submitted to us during the course of this review, we have determined that Pulton made no shipments of subject merchandise to the United States during the POR. We confirmed with the United States Customs Service (Customs) that Pulton did not have entries of subject roller chain during the POR. Therefore, we are rescinding the review with respect to this company.

2. HMTL

HMTL and HMTL/Hitachi Maxco also claim to have made no shipments of roller chain to the United States during the POR. We confirmed with Customs that HMTL and HMTL/Hitachi Maxco did not have entries of subject roller chain during the POR. Consequently, we are rescinding the review with respect to these parties.

3. HKK Japan

Sugiyama sold roller chain in the United States through multiple channels of distribution. In one channel, Sugiyama sold roller chain to HKK Chain Sales, Inc. (HKK Japan), an affiliated home market reseller, who in turn sold roller chain to HKK Chain Corp. of America (HKK America), its affiliated U.S. reseller. In a different channel, Sugiyama sold roller chain directly to an affiliated U.S. reseller (hereinafter referred to as Company A since this relationship is proprietary). Pursuant to section 771(33) of the Act, we have treated HKK Japan, HKK America, and Company A as affiliates of Sugiyama. With respect to the above-referenced channels of distribution, we used United States sales of roller chain, produced and/or resold by Sugiyama, through HKK America and Company A in our margin analysis for Sugiyama. In the absence of other sales, we did not consider HKK Japan for a separate rate and are, therefore, rescinding the review with respect to HKK Japan.

4. ATSI and NIC

RK and NIC exported, and ATSI imported, roller chain produced by RK during the POR. NIC is RK's affiliated trading company in Japan. All of NIC's sales to the United States of RK-produced merchandise are made through ATSI, NIC's affiliated U.S. reseller. For purposes of these sales, we have treated RK, NIC, and ATSI as affiliated parties pursuant to section 771(33) of the Act. We used United States sales of RK-produced merchandise through NIC in our margin analysis for RK. RK also sells its merchandise directly to ATSI in the United States, who in turn sells the merchandise to unaffiliated U.S. customers. We also used these transactions in our margin analysis for RK. In the absence of other sales, we did not consider ATSI and NIC for separate rates and are rescinding the review for this purpose for these entities.

5. DT

DT sold roller chain produced by Enuma and DK during the POR. We examined the information on the record and have determined that Enuma had knowledge at the time of sale to DT that the roller chain it produced was destined for sale in the United States. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Plate in Coils From Taiwan*, 64 FR 15493, 15498 (March 31, 1999). Therefore, for sales by DT of Enuma-produced merchandise, we used the prices between Enuma and DT as United States prices and included these sales in the margin calculations for Enuma. With regard to DT's sales of DK-produced merchandise, we have treated

DT and DK as affiliated parties pursuant to section 771(33) of the Act, and have included all sales of DK-produced merchandise by or through DT in the margin calculations for DK. Under these circumstances, we did not consider DT for a separate rate in this POR and are rescinding the review for this purpose with respect to DT.

6. Tsubakimoto

We initiated the 1997–1998 review of Tsubakimoto pending the determination in the 1996–1997 administrative review regarding whether or not Tsubakimoto was revoked from the finding as a manufacturer and reseller of subject merchandise, or just as a manufacturer. We have since completed that review and determined that the revocation of Tsubakimoto from the order applied to Tsubakimoto as both a manufacturer and a reseller of subject merchandise. *See Roller Chain, Other Than Bicycle From Japan: Final Results and Partial Rescission of Antidumping Duty Administrative Review,* 63 FR 63671 (November 16, 1998) (*1996–1997 Roller Chain*). Therefore, we are preliminarily rescinding this review with respect to Tsubakimoto. However, this rescission is contingent upon the outcome of another issue in this review, the nature of which is proprietary. For further discussion of this issue and its effect on our preliminary decision to rescind this review with respect to Tsubakimoto, *see* Memorandum From Howard Smith, Financial Analyst, AD/CVD Enforcement, Group II, Office IV to The File, regarding: Preliminary Decision to Rescind with Respect to Tsubakimoto Chain Company, Ltd./U.S.-Tsubaki, the 1997–1998 Antidumping Duty Administrative Review of Roller Chain, Other Than Bicycle, from Japan, (April 30, 1999), on file in the CRU.

Extension of Deadlines

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of a preliminary determination if it determines that it is not practicable to complete the review within the statutory time limit. On October 14, 1998, the Department extended the time limit for the preliminary results of this case (*Notice of Extension of Time Limits for Preliminary Results of Antidumping Duty Administrative Review,* 63 FR 55090).

Scope of the Review

The merchandise subject to this review is roller chain, other than bicycle, from Japan. The term ''roller chain, other than bicycle,'' as used in this review, includes chain, with or without attachments, whether or not plated or coated, and whether or not manufactured to American or British standards, which is used for power transmissions and/or conveyance. This chain consists of a series of alternately-assembled roller links and pin links in which the pins articulate inside from the bushings and the rollers are free to turn on the bushings. Pins and bushings are press fit in their respective link plates. Chain may be single strand, having one row of roller links, or multiple strand, having more than one row of roller links. The center plates are located between the strands of roller links. Such chain may be either single or double pitch and may be used as power transmission or conveyor chain. This review also covers leaf chain, which consists of a series of link plates alternately assembled with pins in such a way that the joint is free to articulate between adjoining pitches. This review further covers chain model numbers 25 and 35. Roller chain is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7315.11.00 through 7619.90.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description remains dispositive.

On March 24, 1998, the Department determined that certain models of silent timing chain produced and exported by Kaga for use in automobiles are outside the scope of the antidumping finding. (*See Final Scope Ruling: Kaga's Request for Scope Ruling on Automotive Silent Timing Chain,* March 24, 1998, on file in the Central Records Unit (CRU) in room B–099 of the Main Commerce Building).

Scope Issues

During the course of this review, Sugiyama raised the issue of whether 2-pitch roller chain and wrench roller chain are within the scope of the order. While these two products have been included in these preliminary review results, the Department is addressing these inquiries in the context of a separate scope proceeding and will issue its preliminary decision on these two issues shortly. Parties interested in submitting comments on the preliminary scope decision should submit such comments in the context of the separate scope proceeding, not in the context of this administrative review. The results of this scope proceeding will to the extent practicable be reflected in the analysis conducted for the final review results covering the POR.

Verification

As provided in section 782(i) of the Act, we verified information provided by the following five respondents: Izumi, Kaga, OCM, RK, and Sugiyama and its affiliates. We used standard verification procedures, including on-site inspection of the respondents' facilities, the examination of relevant sales, financial, and/or cost records, and selection of original documentation containing relevant information. Our verification results are outlined in the verification reports placed on file in the CRU.

Affiliation Issues

During the course of the 1996–1997 administrative review of this finding, we noted that the majority of Izumi's home market sales were made to an affiliated home market manufacturer, hereafter referred to as Company X for proprietary reasons. Therefore, we reviewed the appropriateness of continuing our analysis of Izumi as a separate entity. In the final results of that review, we found that there was not sufficient evidence on the record of the 1996–1997 administrative review to determine that Izumi and Company X should be collapsed under the antidumping law. *See Decision Memorandum: Roller Chain, Other than Bicycle, from Japan—Izumi Chain Mfg. Co. Ltd., Affiliation Issue, 1996–1997 Administrative Review,* dated November 4, 1998, at 22. However, we stated in those final results that we would request additional information for this analysis, and further examine this issue in the context of the ongoing 1997–1998 administrative review of this finding. *See 1996–1997 Roller Chain.* During the course of the instant review, we issued an additional questionnaire to Company X and conducted verification of the information pertaining to this issue at the corporate headquarters and production facilities of both Izumi, Company X, and a joint-venture distribution company.

After analyzing the record evidence concerning this issue, we preliminarily find that the record evidence does not support a determination to collapse Izumi and Company X. The analysis entails references to business proprietary matters. Consequently, for a detailed discussion of our analysis, *see Decision Memorandum: Roller Chain, Other than Bicycle, from Japan—Izumi Chain Mfg. Co. Ltd. Affiliation Issue, 1997–1998 Administrative Review (Izumi Affiliation Memo*), dated April 30, 1999.

Facts Available

1. Application of Facts Available (FA)

Section 776(a)(2) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form requested, significantly impedes a proceeding under the antidumping statute, or provides information that cannot be verified, the Department shall use, subject to section 782(d) of the Act, FA in reaching the applicable determination.

Section 782(d) of the Act provides certain conditions that must be satisfied before the Department may, subject to subsection (e), disregard all or part of the information submitted by a respondent. First, this section states that, if the Department determines that a response to a request for information does not comply with the request, it shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of the review. Section 782(d) of the Act continues that, if the party submits further information in response to the deficiency and the Department finds the response is still deficient or submitted beyond the applicable time limits, the Department may disregard all or part of the original and subsequent responses.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed ''deficient'' under section 782(d) if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

2. Selection of Adverse FA

In selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that a party has failed to cooperate by not acting to the best of its ability to comply with requests for information. *See* the Statement of Administrative Action (SAA) accompanying the URAA, H.R. Rep. No. 103–316, at 870 (1994). To examine whether the respondent ''cooperated'' by ''acting to the best of its ability'' under section 776(b), the Department considers, inter alia, the accuracy and completeness of submitted information and whether the respondent has hindered the calculation of accurate dumping margins. *See e.g., Certain Welded Carbon Steel Pipes and Tubes From Thailand: Final Results of Antidumping Duty Administrative Review,* 62 FR 53808, 53819–53820 (October 16, 1997).

A. Total FA

Izumi. Upon reviewing Izumi's initial response to the Department's antidumping questionnaire in this administrative review, we determined that there were certain deficiencies in Izumi's submitted information. Pursuant to section 782(d) of the Act, we provided Izumi the opportunity to explain its deficiencies and provide corrected data as appropriate. Subsequent to our receipt of Izumi's response to the Department's supplemental questionnaire, we attempted to verify the information submitted by Izumi at its corporate headquarters in Japan. Upon arrival at the verification site, Izumi provided the verification team a revised cost of production (COP) and CV database that was significantly different from its prior cost responses. Although the verifiers attempted to determine the accuracy of the information submitted by Izumi, they were unable to do so. *See Memorandum to the File* regarding *Verification of the Constructed Value and Sales Questionnaire Responses of Izumi Chain Mfg. Co., Ltd., Roller Chain, Other Than Bicycle, from Japan, Administrative Review (1997–1998) (Izumi Verification Report),* dated April 30, 1999.

After careful analysis of Izumi's responses, and as a result of our verification, we have determined that Izumi failed to satisfy all five of the requirements set forth in section 782(e) of the Act. First, the predominant portion of Izumi's submitted information could not be verified, as required by section 782(e)(2) of the Act. At the beginning of verification Izumi informed the verifying officials that the company had not prepared any of the documentation requested in the verification outline, nor had it prepared worksheets or any other form of documentation to aid in the verification process. Moreover, throughout the verification, Izumi reiterated that it could not explain the methodology it had used to prepare its questionnaire responses because the individual responsible for preparing those responses no longer worked at the company. Izumi further explained that this individual had not left any worksheets or explanatory information with regard to preparation of the questionnaire responses. Additionally, Izumi stated that since its record keeping system is paper-based (not all information is maintained on computer), it would be virtually impossible to trace most of its reported sales values, quantities, or costs through its record-keeping system. Specifically, (1) Izumi was unable to explain the methodology used to allocate material costs to individual products; (2) Izumi was unable to reconcile man hours or the total labor expense used to calculate direct labor costs to any of the company's internal books and records or to its financial statements; (3) Izumi was unable to reconcile the costs used to calculate variable overhead costs to any internal company ledgers or financial statements; (4) there were significant discrepancies between the amounts recorded in Izumi's books and ledgers for selling, general and administrative (SG&A) expenses and the values used to report SG&A expenses in Izumi's questionnaire response; and (5) Izumi was unable to reconcile the total sales quantities and values reported for U.S., home market and third country sales to its internal books and records or to its financial statements. Additionally, Izumi stated that it could not identify the methodology used to derive the revised cost data presented to the verifiers at the beginning of verification. Despite repeated requests for clarification on this point by the verifiers, company officials were unable to explain the methodology used to derive the data that had been revised only days earlier.

Second, the last-minute submission of a cost database that was significantly different from Izumi's prior cost responses, along with the verification failures, raise serious concerns as to the completeness and reliability of the information reported. Because the verification failures involve significant elements of both sales and cost information, if the Department attempted to calculate a margin based on the reported information, whether or not that margin was based on price-to-price comparisons or price-to-CV comparisons, the calculated margin would be suspect. Therefore, the results of verification provide no basis upon which to conclude that the information reported can serve as a reliable basis for reaching the applicable determination. Thus, Izumi failed to satisfy criterion (3) of section 782 (e) of the Act.

Third, Izumi has not demonstrated that it acted to the best of its ability, pursuant to section 782(e)(4) of the Act, in providing the necessary information

and in meeting the requirements established by the Department with respect to the verification of that information. Specifically, Izumi presented what was tantamount to a new cost response on the first day of verification, when its supplemental cost response had been submitted to the Department only several weeks prior to the verification. Moreover, the company was completely unprepared for the verification and offered no reasonable explanation for its lack of preparation. The company made no attempt at verification to trace through its paper-based record system, most cost items, as well as through its home market and third country sales.

For the reasons stated above, it is clear that Izumi has not met all of the requirements enumerated in section 782(e) of the Act and, therefore, application of section 782(e) of the Act does not overcome section 776(a)'s direction to use facts otherwise available where information cannot be verified. Thus, a determination based on the use of facts otherwise available is warranted for Izumi in this case.

As discussed above, in selecting from the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with the request for information. *See e.g., Certain Welded Carbon Steel Pipes and Tubes From Thailand: Final Results of Antidumping Duty Administrative Review*, 63 FR 53808, 53819–20 (October 16, 1997). Izumi was unable to substantiate the majority of its submitted data at verification. In fact, Izumi repeatedly stated during the verification that it was unable to explain the methodology used to derive reported costs, and was unable to provide substantiating data or reconcile reported data to its internal books and ledgers as well as financial statements. Accordingly, Izumi did not act to the best of its ability to comply with the Department's requests for information and, thus, under section 776(b) of the Act, an adverse inference is warranted. *See* the SAA at 870. Pursuant to section 776(b) of the Act, we are therefore basing Izumi's margin on total adverse FA for purposes of the preliminary results. As total adverse FA for Izumi, we have selected 17.57 percent, a rate calculated for Hitachi Metals in the 1987–1988 administrative review of this proceeding. Because we are applying FA based on secondary information (*i.e.*, a margin from a prior administrative review of this finding), we are required pursuant to section 776(c) of the Act, to corroborate, to the extent practicable, such information. For this discussion, *see* ''Corroboration of Information Used as Facts Available'' section of this notice. For a detailed discussion of the FA issue, *see* the Memorandum From the Senior Director, AD/CVD Enforcement, Group II, Office IV to the Deputy Assistant Secretary, AD/CVD Enforcement, Group II, regarding: Determination To Apply Facts Available Based on Results of Verification of Izumi Chain Manufacturing Company, Ltd., (April 30, 1999), on file in CRU.

OCM. After reviewing OCM's initial response to the Department's antidumping questionnaire in this administrative review, we determined there were certain deficiencies in OCM's submitted information. Pursuant to section 782(d) of the Act, we provided OCM an opportunity to explain its deficiencies and provide corrected data as appropriate. Subsequent to our receipt of OCM's response to the Department's supplemental questionnaire, we attempted to verify the information submitted by OCM at its corporate headquarters in Japan. However, the Department was unable to successfully verify significant elements of the cost and sales information reported by OCM. *See Memorandum to the File* regarding *Verification of the Cost and Sales Responses of Oriental Chain Manufacturing. Co., Ltd. in the 1997–1998 Antidumping Duty Administrative Review of Roller Chain, Other Than Bicycle, from Japan (OCM Verification Report*) dated April 30, 1999. Specifically, at verification, we found that a significant portion of the home market sales examined were unreported sales of merchandise identical to that sold in the United States during the POR. Regarding the reported costs examined at verification, the Department found that (1) for the control numbers examined, the per-unit cost of manufacturing (COM) used in the overall COM reconciliation differed from the per-unit COM reported to the Department, and, therefore, the reconciliation did not substantiate the reported costs; (2) company officials could not substantiate the raw material consumption quantities used to calculate the reported material costs; and (3) company officials failed to reconcile reported direct labor costs to actual labor expenses recorded in OCM's accounting records.

We have determined that the unreported home market sales discovered at verification are particularly significant because of the methodology used by OCM to report home market sales and the fact that the unreported sales constitute a significant portion of the sales examined. In a letter to the Department dated August 11, 1998, OCM stated that it could not reasonably report all home market sales because of the time required to identify the product characteristics for certain models. As an alternative, OCM stated that it planned to report home market sales of models that closely match (*i.e.*, that are identical or very similar in terms of product characteristics) the models sold in the United States during the POR. We have allowed OCM's reporting methodology given that it has been the Department's practice in previous administrative reviews of roller chain from Japan to allow respondents to report only a limited number of home market sales, contingent upon the Department's determination at verification that the reported home market sales constitute all appropriate comparison sales. However, because of the methodology used by OCM to report home market sales and the manner in which company officials maintain OCM's sales information, we were unable to use OCM's accounting records to verify, in *total*, the value or quantity of reported home market sales. Thus, we examined sales ledgers for particular months in order to determine whether company officials had properly reported OCM's home market sales of roller chain. Due to time constraints and the significant amount of monthly roller chain sales, we did not examine all sales in the selected months. Rather, we randomly selected transactions from OCM's sales ledgers and requested that company officials demonstrate that they reported the correct quantity and value for the selected transactions. We found that a significant portion of the sales selected had not been reported to the Department. *See OCM Verification Report* at 26. This finding, particularly in the absence of a total value and quantity reconciliation, raises serious concerns regarding the completeness of the reported home market sales database.

Furthermore, we have found that OCM's failure to substantiate important elements of cost is significant. The fact that OCM reconciled manufacturing costs in the company's cost of manufacturing statement to per-unit cost of manufacturing figures which differed from those reported, indicates that OCM failed to report the proper unit costs to the Department. In addition, despite the fact that in its supplemental questionnaire the Department cautioned OCM to report actual costs that take into account

variances, at verification OCM failed to reconcile reported labor costs and material costs (specifically, the material consumption quantities used to calculate material costs) to actual costs.

After careful analysis of OCM's responses, and as a result of our verification, we have determined that OCM failed to satisfy several of the requirements set forth in section 782(e) of the Act. First, OCM's information could not be verified. Second, the nature of the verification failures indicates that the information provided is so incomplete that it cannot serve as a reliable basis for reaching the applicable determination. Third, OCM has not demonstrated that it acted to the best of its ability, pursuant to section 782(e)(4) of the Act, in providing the necessary information and in meeting the requirements established by the Department with respect to the verification of that information. Specifically, despite the Department's instructions and warnings regarding reporting and verification requirements, the company continued to report information in a manner that did not conform with the Department's normal requirements and it was unprepared to demonstrate at verification that it was appropriate for the Department to calculate antidumping duty margins using the reported information. These failures, particularly in light of the Department's early notification, clearly demonstrate that OCM failed to meet all of the requirements of section 782(e) of the Act. Thus, a determination based on the use of total FA is warranted for OCM.

As discussed above, in selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with the request for information. In the instant review, although the OCM was aware of the Department's requirements, it did not act to the best of its ability to comply with the Department's requests for information or prepare for verification and, thus, under section 776(b) of the Act, an adverse inference is warranted. *See* the SAA at 870. Pursuant to section 776(b) of the Act, we are therefore, basing OCM's margin on total adverse FA for purposes of the preliminary results. As total adverse FA, we have selected 17.57 percent, a rate calculated for Hitachi Metals in the 1987–1988 administrative review of this proceeding. Because we are applying FA based on secondary information, *i.e.*, a margin from a prior administrative review of this finding, we are required, pursuant to section 776(c) of the Act, to corroborate to the extent practicable, such information. For this discussion *see* ''Corroboration of Information Used as Facts Available'' section of this notice. For a detailed discussion of the FA issue, *see* Memorandum From the Senior Director, AD/CVD Enforcement, Group II, Office IV to the Deputy Assistant Secretary, AD/CVD Enforcement, Group II, regarding: Determination To Apply Facts Available Based on Results of Verification of Oriental Chain Manufacturing Co., (April 30, 1999), on file in the CRU.

3. Corroboration of Information Used as FA

Section 776(b) of the Act authorizes the Department to use as adverse FA information derived from the petition, the final determination from the less than fair value (LTFV) investigation, a previous administrative review, or any other information placed on the record.

Section 776(c) of the Act requires the Department to corroborate, to the extent practicable, secondary information used as FA. Secondary information is described in the SAA (at 870) as ''[i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.''

The SAA further provides that ''corroborate'' means simply that the Department will satisfy itself that the secondary information to be used has probative value (*see* SAA at 870). Thus, to corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used. However, unlike other types of information, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for margins is an administrative determination. Thus, in an administrative review, if the Department chooses, as total adverse FA, a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin from that time period (*i.e.*, the Department can normally be satisfied that the information has probative value and that it has complied with the corroboration requirements of section 776(c) of the Act). *See e.g.*, *Elemental Sulphur from Canada: Preliminary Results of Antidumping Duty Administrative Review*, 62 FR at 971 (January 7, 1997) and *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al.; Final Results of Antidumping Duty Administrative Review*, 62 FR 2081, 2088 (January 15, 1997) (*AFBs–1997*).

As to the relevance of the margin used for adverse FA, the Department stated in *Tapered Roller Bearings from Japan; Final Results of Antidumping Duty Administrative Review* 62 FR 47454 (September 9, 1997) that it will ''consider information reasonably at its disposal as to whether there are circumstances that would render a margin irrelevant. Where circumstances indicate that the selected margin is not appropriate as adverse [FA], the Department will disregard the margin and determine an appropriate margin.'' *See also Fresh Cut Flowers from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 60 FR 49567 (September 26, 1995).

In this instance, we have no reason to believe that application of the 17.57 percent rate for Hitachi Metals would be inappropriate as an adverse FA rate for certain respondents in the instant review. Therefore, where we have applied, as FA, the 17.57 percent margin from a prior administrative review of this finding, we have satisfied the corroboration requirements under section 776(c) of the Act.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products within the scope of this review that were produced by the respondents, and sold in the ordinary course of trade in the comparison market during the POR, to be foreign like products for purposes of determining the appropriate product comparisons to U.S. sales.

Fair Value Comparisons

With respect to Enuma, DK, Kaga, Sugiyama and RK, in determining whether these respondents' sales of roller chain to customers in the United States were made at less than fair value, we compared export price (EP) and constructed export price (CEP) to NV, as described in the ''Export Price,'' ''Constructed Export Price,'' and ''Normal Value'' sections of this notice. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to the prices of individual U.S. transactions.

In the case of Sugiyama, the company reported that, for certain sales made by HKK America to unaffiliated U.S. customers, the roller chain was shipped directly from Sugiyama to the U.S. customers (without first entering into HKK America's U.S. inventory).

Sugiyama classified these sales as EP sales. When sales are made prior to the date of importation through an affiliate in the United States, the Department uses the following criteria to determine whether U.S. sales should be classified as EP sales: (1) whether the merchandise in question is shipped directly from the manufacturer to the unaffiliated buyer without being introduced into the physical inventory of the selling agent; (2) whether direct shipment from the manufacturer to the unaffiliated buyer is the customary channel for sales of the subject merchandise between the parties involved; and (3) whether the affiliate in the United States acts only as a processor of sales-related documentation and a communication link (*i.e.*, ''a paper-pusher'') with the unaffiliated U.S. buyer. Where the factors indicate that the activities of the selling entity in the United States are ancillary to the sale (*e.g.*, arranging transportation or customs clearance), we treat the transactions as EP sales. Where the U.S. selling agent is substantially involved in the sales process (*e.g.*, negotiating prices), we treat the transactions as CEP sales. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod From Spain*, 63 FR 10849, 10852 (March 5, 1998).

Based on our review of the record information concerning Sugiyama's sales to HKK America, where the merchandise is shipped directly from Sugiyama's plant to HKK America's U.S. customer, we preliminarily determine that these sales are CEP transactions. We note that, according to Sugiyama, ''most of HKK America's sales of subject merchandise is merchandise produced by Sugiyama and which is warehoused by HKK America prior to shipment to the first unaffiliated U.S. customer.'' *See* Sugiyama's October 15, 1998, questionnaire response at A–19. Furthermore, in describing the sales in question, Sugiyama states that ''occasionally, HKK America sells to customers merchandise that is shipped directly from Sugiyama to the U.S. customers (without first entering into HKK America's U.S. inventory).'' *See* Sugiyama's October 15, 1998, questionnaire response at A–20. Since the sales in question do not follow the normal sales path for U.S. sales made by HKK America, and, by Sugiyama's own admission, these sales only occur ''occasionally,'' we find that these sales do not follow HKK America's customary channel of distribution. With respect to HKK America's role in these sales, Sugiyama states that the ''sales agreement is between HKK America and its U.S. customers'' and that the sales price is negotiated by HKK America, and not Sugiyama. *See* Sugiyama's January 20, 1999, submission at 7. Moreover, Sugiyama states that HKK America (and not Sugiyama) provides the following services to HKK America's U.S. customers: inventory maintenance; freight and delivery services; and customer relations through commission agents. Thus, HKK America acted as more than just a paper processor or communication link for sales of Sugiyama-produced merchandise. Accordingly, for purposes of these preliminary results, we are treating the sales in question as CEP sales. *See Roller Chain, Other Than Bicycle, from Japan: Calculation Memorandum of the Preliminary Results for the 1997–1998 Administrative Review of Sugiyama Chain Company, Ltd. and its Affiliates*, April 30, 1999, on file in the CRU.

Immediately prior to verification, Sugiyama notified the Department that it included in its home market sales database a certain number of sales that it now considers to be export sales to third countries. According to Sugiyama, these sales involve customers in Japan who take delivery of the merchandise in Japan, but then sell the roller chain outside of Japan. Although these sales are coded in Sugiyama's internal records as export sales, Sugiyama states that it originally reported these sales as home market sales because there is no independent documentation confirming that these sales were, in fact, for an export destination. Upon review, however, Sugiyama now believes that the internal export coding for these sales is sufficient evidence that they were exported.

Since Sugiyama has been unable to provide any independent documentation confirming that these sales were exported to third countries, we preliminarily find that these sales should remain in the home market database. Accordingly, we have included these sales in our calculation of normal value. For a further discussion of this issue, *see Roller Chain, Other Than Bicycle, from Japan: Calculation Memorandum of the Preliminary Results for the 1997–1998 Administrative Review of Sugiyama Chain Company, Ltd. and its Affiliates*, April 30, 1999.

Export Price

We calculated EP in accordance with sections 772(a) and (c) of the Act where the respondents sold the subject merchandise directly to the first unaffiliated purchasers in the United States prior to importation and CEP was not otherwise warranted based on the facts on the record. Specifically, for Enuma, DK, Kaga, and Sugiyama, we calculated EP based on the packed prices to unaffiliated customers in the United States from which we made deductions, where appropriate, for foreign inland freight from the plant to the port, foreign inland insurance, foreign brokerage and handling, international freight, marine insurance, and discounts because these expenses were incident to bringing the subject merchandise from the original place of shipment in the exporting country to the place of delivery.

Constructed Export Price

The Department based its margin calculation on CEP, as defined in section 772(b), (c) and (d) of the Act, where sales to the first unaffiliated purchaser in the United States took place after importation or where CEP methodology was otherwise warranted. For DK, Kaga, Sugiyama, and RK (Enuma had no CEP transactions), we calculated CEP based on delivered prices to unaffiliated purchasers in the United States. Where appropriate, we made adjustments for discounts. Also where appropriate, we deducted credit expenses, direct selling expenses and indirect selling expenses, including inventory carrying costs, which related to commercial activity in the United States. We also made deductions, where appropriate, for commissions, movement expenses (foreign inland freight, foreign brokerage and handling, international freight and insurance, U.S. duties, U.S. brokerage and handling, U.S. inland-freight and insurance, and U.S. warehousing), and pursuant to section 772(d)(3), where applicable, we made an adjustment for CEP profit.

With regard to RK and Sugiyama, the only respondents in this review who further-manufactured the merchandise in the United States, we made a deduction for the cost of further manufacturing in the United States in accordance with section 772(d)(2) of the Act.

Normal Value

1. Viability

In accordance with section 773(a)(1)(C)(ii) of the Act, we determined that the home market for each respondent serves as a viable basis for calculating NV because the aggregate volume of each respondent's HM sales of the foreign like product was greater than five percent of the aggregate volume of its U.S. sales of the subject merchandise.

2. Arm's-Length Transactions: Enuma and Sugiyama

Sales to affiliated customers in the home market made by Enuma and Sugiyama, which were determined not to be at arm's-length, were excluded from our analysis. To test whether these sales were made at arm's-length, we compared the starting prices of sales of comparison products to affiliated and unaffiliated customers, net of all movement charges, direct selling expenses, discounts, and packing. Pursuant to 19 CFR 351.403, and in accordance with our practice, where prices to the affiliated party were on average less than 99.5 percent of the price to unaffiliated parties, we determined that the sales made to the affiliated party were not at arm's length. We disregarded all sales to Sugiyama's and Enuma's HM customers that did not pass the arm's-length test.

Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or the CEP transaction. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on constructed value (CV), that of the sales from which we derive selling, general and administrative expenses and profit.

For EP sales, the U.S. LOT is also the level of the starting-price sale, which is usually from exporter to importer. For CEP, it is the level of the constructed sale from the exporter to the importer. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997) (*Carbon Steel Plate*).

The statute and the SAA support analyzing the LOT of CEP sales at the level of the constructed sale to the U.S. importer—that is, the level after expenses associated with economic activities in the United States have been deducted pursuant to section 772(d) of the Act. The Department has adopted this interpretation in previous cases. *See e.g., Dynamic Random Access Memory Semiconductors of One Megabit or Above From the Republic of Korea; Final Results of Antidumping Duty Administrative Review, Partial Rescission of Administrative Review and Notice of Determination Not to Revoke Order*, 63 FR 50867, 50872 (September 23, 1998) *(DRAMs Final Results 96–97)*; *see also Notice of Final Determination of Sales at Less Than Fair Value; Static Random Access Memory Semiconductors From the Republic of Korea*, 63 FR 8945 (February 23, 1998) (*SRAMs 1996*).

To determine whether NV sales are at a different LOT than EP or CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer.

Customer categories such as distributors, retailers, or end-users are commonly used by petitioners or respondents to describe different LOTs, but, without substantiation, these are insufficient to establish that a claimed LOT is valid. An analysis of the chain of distribution and of the selling functions substantiates or invalidates the claimed LOTs.

Our analysis of the marketing process, in both the home market and United States, begins with goods being sold by the producer and extends to the sale to the final user. The chain of distribution between the producer and the final user may have many or few links, and each respondent's sales occur somewhere along this chain. In the United States, the respondent's sales are generally to an importer, whether independent or affiliated. We review and compare the distribution systems in the home market and the United States, including selling functions, class of customer, and the extent and level of selling expenses for each claimed LOT.

Unless we find that there are different selling functions for sales to the U.S. and home market, we will not determine that there are separate LOTs. Different LOTs necessarily involve differences in selling functions, but differences in selling functions, even substantial ones, are not alone sufficient to establish a difference in the LOTs. Differences in LOTs are characterized by purchasers at different stages in the chain of distribution and sellers performing qualitatively or quantitatively different functions in selling to them.

If the comparison-market sale is at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *See e.g., Carbon Steel Plate*, 62 FR at 61732.

Based on our analysis of these factors, we found for Enuma, Kaga, and RK that no LOT difference existed between their respective U.S. and home market sales. Therefore, we have made no LOT adjustment under section 773(a)(7)(A) of the Act for any of these three respondents. Further, based on our analysis of these factors, we concluded for DK and Sugiyama that the CEP sales are at a different LOT from the home market sales. With respect to Sugiyama, we determined that sales in the home market were made at two distinct LOTs. The first level was the same LOT as Sugiyama's U.S. sales. The second LOT in the home market is at a more remote LOT . In addition, we found that a pattern of consistent price differences existed between the two LOTs in the home market. Therefore, for Sugiyama, where appropriate (*i.e.*, where we were unable to compare sales at the same level of trade), we made a LOT adjustment under section 773(a)(7)(A) of the Act. In the case of DK, because the available data do not provide an appropriate basis for making a LOT adjustment, but the LOT in the home market is at a more advanced stage of distribution than the LOT of the CEP, we made a CEP offset adjustment in accordance with section 773(a)(7)(B) of the Act. For a detailed discussion of these LOT issues, see the April 30, 1999, memoranda to the File from the Team, regarding the LOT analysis for DK, Enuma, Kaga, RK, and Sugiyama, respectively.

Constructed Value

For Sugiyama's, and RK's, products for which we could not determine the NV based on HM sales of roller chain, because there were no contemporaneous sales of a comparable product, we compared U.S. prices to CV. In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the cost of manufacturing (COM) of the product sold in the United States, plus amounts for home market SG&A expenses, profit, and U.S. packing costs. In accordance with section 773(e)(2)(A) of the Act, we used the actual amounts incurred and realized by the respective manufacturers in connection with the production and sale of the foreign like product, in the ordinary course of trade, for consumption in the foreign country to calculate SG&A expenses and profit.

Price-to-Price Comparisons

In accordance with section 773(a)(1)(B)(i) of the Act, we based NV on the price at which the foreign like product was first sold for consumption in the exporting country in the usual commercial quantities and in the

ordinary course of trade and, to the extent practicable, at the same level of trade as the EP or CEP sale. In accordance with section 773(a)(6) of the Act, where applicable, we made adjustments to home market prices for discounts, movement expenses (inland freight, insurance, and warehousing), technical services, and advertising expenses. To adjust for differences in circumstances of sales (COS) between the home market and the EP and/or CEP transactions in the United States, we reduced home market prices by an amount for home market credit and direct selling expenses, where applicable. For comparison to EP transactions we also made an upward adjustment for U.S. credit and direct selling expenses, where appropriate. We also made adjustments for indirect selling expenses incurred on comparison market or U.S. sales where commissions were granted on sales in one market but not in the other (the commission offset), pursuant to 19 CFR 351.410(e). In addition, based on our determination as to DK's LOT (*see* ''Level of Trade'' section of this notice), we made a CEP offset adjustment pursuant to section 773(a)(7)(B) of the Act. *See Carbon Steel Plate*, 62 FR at 61732. Further, based on our determination as to Sugiyama's LOT (*see* ''Level of Trade'' section of this notice), where appropriate, we made a LOT adjustment pursuant to section 773(a)(7)(A) of the Act. To adjust for differences in packing between the two markets, we deducted HM packing costs and added U.S. packing costs. In addition, we made adjustments, where appropriate, for differences in costs attributable to physical differences of the merchandise (DIFMER) pursuant to section 773(a)(6)(C)(ii) of the Act.

Price-to-CV Comparisons

For price-to-CV comparisons, we made adjustments to CV in accordance with section 773(a)(8) of the Act and 19 CFR 351.410 for COS differences. For comparisons to EP, where appropriate, we made COS adjustments by deducting direct selling expenses incurred on home market sales and adding U.S. direct selling expenses. For comparisons to CEP, where appropriate, we made COS adjustments by deducting direct selling expenses incurred on home market sales. We also made adjustments, where applicable, for the commission offset in the manner described above.

Currency Conversion

Pursuant to section 773A(a) of the Act, for purposes of the preliminary results, we converted foreign currencies into U.S. dollars using the official exchange rates in effect on the date of the U.S. sales. These official exchange rates are based on the daily rates identified by the Dow Jones Business Information Services. Section 773A(a) of the Act directs the Department to use a daily exchange rate to convert foreign currencies into U.S. dollars unless the daily rate involves a ''fluctuation.'' It is our practice to find that a fluctuation exists when the daily exchange rate differs from a benchmark rate by 2.25 percent. *See Preliminary Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube from Turkey,* 61 FR 35188, 35192 (July 5, 1996). The benchmark rate is defined as the moving average of the rates for the past 40 business days. Where we determined that the daily rates applicable to this review fluctuated, as defined above, we converted foreign currencies into U.S. dollars using the benchmark exchange rate.

Determination Not To Revoke

Pursuant to 19 CFR 351.222(b)(2), DK and Enuma, in letters dated April 24, 1998, requested revocation of the antidumping finding in part. In accordance with 19 CFR 351.222(e), their requests were accompanied by certifications that the companies had not sold the subject merchandise at less than NV during the current POR and would not do so in the future. DK and Enuma further certified that they sold the subject merchandise to the United States in commercial quantities for a period of at least three consecutive years. Each company also agreed to immediate reinstatement of the antidumping duty finding, as long as any exporter or producer is subject to the finding, if the Department concludes that, subsequent to the revocation, DK or Enuma sold the subject merchandise at less than NV. Additionally, the companies claimed that the *de minimis* standard for purposes of revocation is two percent rather than 0.5 percent, citing sections 773(b)(3) and 735(a)(4) of the Act, and section 351.106(b)(1) of the Department's regulations.

As to the companies' claim that the *de minimis* standard for purposes of revocation is two percent rather than 0.5 percent, Article 5.8 of the WTO Antidumping Agreement explicitly requires signatories to apply the two percent *de minimis* standard in antidumping investigations. *See* Article 5.8. There is no such requirement regarding reviews. *See Professional Electric Power Tools from Japan: Final Results of Antidumping Duty Administrative Review,* 63 FR 6891, 6897 (February 11, 1998). In conformity with Article 5.8 of the WTO Antidumping Agreement, sections 733(b) and 735(a) of the Act were amended by the URAA to require that, in investigations, the Department treat the weighted-average dumping margin of any producer or exporter which is below two percent ad valorem as *de minimis.* Hence, pursuant to this change, the Department is now required to apply a two percent *de minimis* standard during investigations initiated after January 1, 1995, the effective date of the URAA (*see* sections 733(b)(3) and 735(a)(4)). However, the Act does not mandate a change to the Department's regulatory practice of using a 0.5 percent *de minimis* standard during administrative reviews. As discussed above, the WTO Antidumping Agreement, the Act, the SAA and the Department's regulations recognize investigations and reviews to be two distinct segments of an antidumping proceeding. In addition, the Statement of Administrative Action (SAA) also clarifies that ''[t]he requirements of Article 5.8 apply only to investigations, not to reviews of antidumping duty orders or suspended investigations.'' *See* SAA at 845. The SAA further states that ''in antidumping investigations, Commerce [shall] treat the weighted-average dumping margin of any producer or exporter which is below two percent ad valorem as de minimis.'' SAA at 844. Likewise, ''[t]he Administration intends that Commerce will continue its present practice in reviews of waiving the collection of estimated cash deposits if the deposit rate is below 0.5 percent ad valorem, the existing regulatory standard for de minimis.'' SAA at 845 (emphasis added). *See* 19 CFR 351.106; *see* also High-Tenacity Rayon Filament Yarn from Germany; Final Results of Antidumping Duty Administrative Review, 61 FR 51421 (October 2, 1996). In addition, although the Department makes its determinations based on U.S. laws and regulations, we note that a recent WTO Panel Report found that the *de minimis* standard in Article 5.8 of the WTO Antidumping Agreement does not apply in the context of Article 9.3 duty assessment procedures (*i.e.* administrative reviews). *See* page 150 of the WTO Panel Report, *United States—Anti-dumping Duty on Dynamic Random Access Memory Semiconductors (DRAMS) of One Megabit or Above From Korea,* WT/DS99/R (adopted March 19, 1999).

Based upon the fact that Daido and Enuma have not demonstrated three consecutive years of sales at not less

than NV, we preliminarily determine that these companies have not met the requirements for revocation set forth in 19 CFR 351.222(b)(2)(i). Therefore, the Department preliminarily determines not to revoke the antidumping duty finding with respect to these companies.

Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margins exist for the period April 1, 1997 through March 31, 1998:

Manufacturer/exporter	Weighted-average margin (percent)
Daido Kogyo Company, Ltd	0.90
Enuma Chain Mfg. Company	0.03
Izumi Chain Mfg. Company Ltd ..	17.57
Kaga Industries Co., Ltd	7.43
OCM Chain Company	17.57
R.K. Excel Company, Ltd	0.15
Sugiyama Chain Company, Ltd	8.02

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within 5 days of the date of publication of this notice. Any interested party may request a hearing within 30 days of the date of publication of this notice. Parties who submit arguments in this proceeding are requested to submit with each argument: (1) A statement of the issue and (2) a brief summary of the argument. All case briefs must be submitted within 30 days of the date of publication of this notice. Rebuttal briefs, which are limited to issues raised in the case briefs, may be filed not later than seven days after the case briefs are filed. A hearing, if requested, will be held two days after the date the rebuttal briefs are filed or the first business day thereafter.

The Department will publish a notice of the final results of this administrative review, which will include the results of its analysis of the issues raised in any written comments or at the hearing, within 120 days from the publication of these preliminary results.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Upon completion of this review, the Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties. For duty assessment purposes, for CEP sales we calculated a customer or importer-specific assessment rate by aggregating the dumping margins calculated for all U.S. sales to each customer/importer, and dividing this amount by the total estimated entered value of subject merchandise sold to each customer/importer during the POR. In order to estimate the entered value, we subtracted international and U.S. movement expenses and selling expenses incurred in the United States from the gross sales value. For assessment of EP sales we calculated a per unit customer or importer-specific assessment rate by aggregating the dumping margins calculated for all U.S. sales to each customer/importer and dividing this amount by the total quantity of those sales.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of roller chain from Japan entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed companies will be the rate established in the final results of this administrative review, except if the rate is less than 0.5 percent *ad valorem* and, therefore, *de minimis*, no cash deposit will be required; (2) for exporters not covered in this review, but covered in the original less than fair value (LTFV) investigation or a previous review, the cash deposit rate will continue to be the company-specific rate published in the most recent period; (3) if the exporter is not a firm covered in this review, a previous review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews or the original LTFV investigation, the cash deposit rate will be 15.92 percent, the ''All Others'' rate which is based on the first review conducted by the Department in which a new shipper rate [1] was established in the final results of administrative review (48 FR 51801, November 14, 1983). These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

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

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1)).

Dated: April 30, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–11720 Filed 5–7–99; 8:45 am]

BILLING CODE 3510–DS–P

[1] In 1993, the Department began using the all others rate from the original investigation as the appropriate cash deposit rate for companies not covered by a review or the original investigation. Prior to that time, the Department's practice was to use a ''new shippers'' rate resulting from a particular review as the cash deposit rate for companies whose first shipment occurred after the period covered by the review. The Department used as the ''new shippers'' rate the highest of the rates of all responding firms with shipments during the review period. This ''new shippers'' rate is unrelated to new shipper reviews conducted pursuant to the URAA under section 751(a)(2)(B) of the Act.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–834–803]

Titanium Sponge From the Republic of Kazakhstan: Postponement of Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Extension of time limit for preliminary results of antidumping duty administrative review.

SUMMARY: The Department of Commerce (''the Department'') is extending by 120 days the time limit for the preliminary results of the antidumping duty administrative review of the antidumping finding on titanium sponge from the Republic of Kazakhstan (''Kazakhstan'') (A–834–803), covering the period August 1, 1997, through July 31, 1998, since it is not practicable to complete this review within the time limits mandated by the Tariff Act of 1930, as amended (''the Act'') (19 U.S.C. 1675 (a)(3)(A)).

EFFECTIVE DATE: May 10, 1999.

FOR FURTHER INFORMATION CONTACT: Mark Manning or Wendy Frankel,