

investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in this review or any previous reviews, the cash deposit rate will be 162.14 percent, the "all others" rate established in the LTFV investigation (59 FR 5994) (February 9, 1994).

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.

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

February 28, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-588-810]

Mechanical Transfer Presses From Japan: Preliminary Results of Antidumping Duty Administrative Review and Intent To Revoke, In-Part

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

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on mechanical transfer presses (MTPs) from Japan in response to a request by respondents, Komatsu, Ltd. (Komatsu) and Hitachi Zosen Corp. (HZC) and its subsidiary Hitachi Zosen Fukui Corporation, doing business as H&F Corporation (H&F). This review covers shipments of this merchandise to the United States during the period of February 1, 2000 through January 31, 2001. We have preliminarily determined that U.S. sales have not been made below normal value (NV). We also intend, preliminarily, to revoke the order, in part, with respect to Komatsu because we find that Komatsu has met all of the requirements set forth in section Section 351.222(b) of the regulations for revocation. If these preliminary results are adopted in our final results, we will instruct the U.S.

Customs Service to liquidate entries without regard to antidumping duties. Interested parties are invited to comment on these preliminary results. Parties who submit argument are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument.

EFFECTIVE DATE: March 7, 2002.

FOR FURTHER INFORMATION CONTACT:

Mark Hoadley or Sally Gannon, Antidumping/Countervailing Duty Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone (202) 482-0666 or (202) 482-0162, respectively.

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the Tariff Act of 1930 (the Act), as amended. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2001).

Background

The Department published an antidumping duty order on MTPs from Japan on February 16, 1990 (55 FR 5642). On March 22, 2001, we published a notice initiating an administrative review of MTPs (66 FR 16037). The review covers three producers/exporters, Komatsu, HZC, and HZC's subsidiary, H&F, which requested the review.

Due to complicated issues in this case, on October 2, 2001, the Department extended the deadline for the preliminary results of this antidumping duty administrative review until no later than February 28, 2002. See *Mechanical Transfer Presses From Japan: Extension of Time Limit for Preliminary Results of Antidumping Administrative Review*, 66 FR 52107 (October 2, 2001).

Scope of Review

Imports covered by this review include MTPs currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 8462.99.8035, 8462.21.8085, and 8466.94.5040. The HTSUS subheadings are provided for convenience and Customs purposes only. The written description of the scope of this order is dispositive. The term "mechanical transfer presses" refers to automatic metal-forming machine tools with multiple die stations in which the work piece is moved from station to station by a transfer

mechanism designed as an integral part of the press and synchronized with the press action, whether imported as machines or parts suitable for use solely or principally with these machines. These presses may be imported assembled or unassembled. This review does not cover certain parts and accessories, which were determined to be outside the scope of the order. (See "Final Scope Ruling on Spare and Replacement Parts," U.S. Department of Commerce, March 20, 1992; and "Final Scope Ruling on the Antidumping Duty Order on Mechanical Transfer Presses (MTPs) from Japan: Request by Komatsu, Ltd.," U.S. Department of Commerce, October 3, 1996.)

Verification

As provided in section 782(i) of the Act, we verified the sales and cost information provided by Komatsu using standard verification procedures, including on-site inspection of the manufacturer's facilities and the examination of relevant sales and financial records. Our verification results are outlined in the public and proprietary versions of the verification report, which are on file in the Central Records Unit of the Department.

Intent To Revoke

In its timely submission of February 28, 2001, Komatsu requested, pursuant to 19 CFR 351.222(e)(1), partial revocation of the order with respect to its sales of MTPs. Komatsu certified that (1) it sold the subject merchandise in commercial quantities at not less than NV for a period of at least three consecutive years; (2) in the future it will not sell the subject merchandise at less than NV; and, (3) it agreed to its immediate reinstatement under the order if the Department determines that, subsequent to revocation, it has sold the subject merchandise at less than NV.

Based upon the preliminary results in this review and the final results of the two preceding reviews, Komatsu has preliminarily demonstrated three consecutive years of sales at not less than normal value. Furthermore, we have determined that Komatsu's aggregate sales to the United States have been made in commercial quantities during these three segments of this proceeding. The company also agreed in writing that it will not sell the subject merchandise at less than NV in the future and to the immediate reinstatement of the antidumping order, as long as any exporter or producer is subject to the order, if the Department concludes that, subsequent to the partial revocation, Komatsu has sold the subject merchandise at less than normal

value. Based on the above facts, and absent a determination that the continued application of the antidumping order is otherwise necessary to offset dumping, the Department preliminarily determines that partial revocation with respect to Komatsu is warranted.

In order to determine that Komatsu sold subject merchandise at commercial quantities, we requested that Komatsu submit sales quantity and value information for all years in which the order has been in place. During the past three review periods, Komatsu had sales in amounts comparable to both its home market sales and third country sales. Its sales were higher during these three periods than at any earlier time during the course of the order. Therefore, we determine that Komatsu made sales in commercial quantities to the United States during the three review periods in which it was found not to have sold MTPs at less than normal value.

Therefore, if these preliminary results are affirmed in our final results, we intend to revoke the order in part with respect to merchandise produced and exported by Komatsu. In accordance with 19 CFR 351.222(f)(3), we will terminate the suspension of liquidation for any such merchandise entered, or withdrawn from warehouse, for consumption after February 1, 2001.

Affiliation of HZC and H&F

Based on HZC's ownership interest in H&F (73.01 percent), we preliminarily find HZC and H&F to be affiliated pursuant to sections 771(33)(E) and (G) of the Act.

Collapsing HZC and H&F

Section 351.401(f) of the Department's regulations outlines the criteria for collapsing (*i.e.*, treating as a single entity) affiliated producers. Pursuant to section 351.401(f), the Department will treat two or more affiliated producers as a single entity where (1) those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities, and (2) the Department concludes that there is a significant potential for the manipulation of price or production. Pursuant to section 351.401(f)(2), in identifying a significant potential for the manipulation of price or production, the Department may consider the following factors:

(i) The level of common ownership;

(ii) The extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and,

(iii) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.

To establish the first prong of the collapsing test, pursuant to section 351.401(f)(1), the producers must have production facilities equipped to manufacture similar or identical products that would not require substantial retooling of either facility to restructure manufacturing priorities. H&F maintains a production facility that produces MTPs in Fukui Prefecture, and another facility at Kanazu Town that produces press accessories. HZC owns two subsidiaries that sometimes fabricate significant MTP components. One of these two subsidiaries, which is wholly-owned by HZC, is capable of manufacturing complete MTPs, according to HZC's response.

With regard to common ownership, which is one of the factors to be considered under 19 CFR 351.401(f)(2)(i), HZC owns 73.01 percent of H&F's voting stock.

With respect to the extent to which there is a management overlap between HZC and H&F, under 19 CFR 351.401(f)(2)(ii), while there are no common board members between the two companies, we conclude that there is significant management overlap between HZC and H&F. *See Memorandum to Sally Gannon from Mark Hoadley, Analysis of HZC and H&F*, dated February 28, 2002, for a discussion of the business proprietary facts underlying this conclusion.

Finally, with regard to 19 CFR 351.401(f)(2)(iii), there are intertwined operations between companies. According to the response, HZC and H&F "press businesses were integrated in July 1999. As part of the integration process, {HZC} transferred its press sales staff and engineers to H&F. The former {HZC} engineers have found their home in a newly created Large Presses Department." Moreover, HZC "sometimes acts as the nominal 'reseller' for H&F's MTPs * * * For these 'resales,' {HZC} does not perform any selling functions; it merely allows H&F to use its name for consideration in order to inspire the customer's confidence."

Based upon a review of the totality of the circumstances, we preliminarily find that collapsing of these two entities is appropriate in this case under 19 CFR 351.401(f).

Normal Value Comparisons

To determine whether respondents' exports of the subject merchandise to the United States were made at less than NV, we compared export price to NV, as described in the "Export Price" and "Normal Value" sections of this notice.

Export Price

Komatsu

We calculated an export price (EP) in accordance with section 772(a) of the Act. We calculated EP for Komatsu based on the packed, freight prepaid price to the U.S. customer. We made deductions from the starting price for Japanese inland freight and insurance, brokerage and handling, international freight, marine insurance, U.S. inland freight, duties, and supervision, in accordance with section 772(c)(2) of the Act.

HZC and H&F

We calculated EP in accordance with section 772(a) of the Act. We calculated EP for HZC and H&F based on the packed, freight prepaid price to the U.S. customer. We made deductions from the starting price for Japanese inland freight and insurance, brokerage and handling, international freight, marine insurance, U.S. inland freight, and supervision, in accordance with section 772(c)(2) of the Act.

Normal Value

Komatsu

We preliminarily determine that the use of constructed value (CV) is warranted to calculate NV for Komatsu, in accordance with section 773(a)(4) of the Act. While the home market is viable, sales made to the United States do not permit appropriate price-to-price comparisons with sales made in the home market because the MTPs, each of which is sold for millions of dollars, are made to each customer's specifications, resulting in significant differences among machines. Therefore, we have resorted to the use of CV. This decision is consistent with Department precedent in this proceeding. *See, e.g., Mechanical Transfer Presses From Japan; Preliminary Results of Antidumping Duty Administrative Review, and Intent To Revoke Order in Part*, 63 FR 11211, 11213 (March 6, 1998); and *Mechanical Transfer Presses From Japan; Final Results of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Administrative Order in Part*, 63 FR 37331 (July 10, 1998).

We note that, in past proceedings involving large, custom-built capital equipment, in addition to prior reviews

of this order, we have normally resorted to CV. See, e.g., *Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, From Japan: Preliminary Results of Antidumping Duty Administrative Review*, 65 FR 62700, 62702 (October 19, 2000); *Large Power Transformers from France: Final Result of Antidumping Administrative Review*, 61 FR 40403, (August 2, 1996). CV consists of cost of design, direct materials, direct labor, variable overhead, fixed overhead, product-line R&D, and loss on disposals of inventories (yielding total cost of manufacturing), plus selling, general and administrative expenses, net interest expense, profit, and U.S. packing expenses. We subtracted home market direct selling expenses (warranties, commissions, and credit). We added to CV amounts for direct

selling expenses (U.S. tax, warranties, and credit) for merchandise exported to the United States. In calculating CV profit, we subtracted from home market gross unit price, warranties, indirect selling expenses, total cost of manufacturing, general and administrative expenses, net interest expense, and movement expenses (including supervision expenses).

HZC and H&F

We preliminarily determine that the use of CV is warranted to calculate NV for HZC and H&F, in accordance with section 773(a)(4) of the Act. While the home market is viable, sales made to the United States do not permit proper price-to-price comparisons with sales made in the home market, as discussed above. Therefore, we have resorted to the use of CV for HZC and H&F, as well as Komatsu. CV consists of direct

materials, direct labor, variable overhead, fixed overhead (yielding total cost of manufacturing), plus selling, general and administrative expenses, net interest expense, profit, and U.S. packing expenses. We subtracted home market direct selling expenses (warranties and credit). We added to CV amounts for direct selling expenses (warranties and credit) for merchandise exported to the United States. In calculating CV profit, we subtracted from home market gross unit price, warranties, commissions, indirect selling expenses, cost of goods sold, general and administrative expenses, net interest expense, and movement expenses (including installation and supervision expenses).

Preliminary Results of Review

We preliminarily determine that the following dumping margins exist:

Manufacturer/exporter	Time period	Margin (percent)
Komatsu, Ltd	02/01/00–01/31/01	0.00
Hitachi Zosen Corp/Hitachi Zosen Fukui Corp	02/01/00–01/31/01	0.00

The Department will disclose, in accordance with 19 CFR 351.224(b), its calculations to interested parties within 5 days of the date of public announcement of these results, or if no public announcement, within 5 days of publication of this notice. Any interested party may request a hearing within 30 days of publication in accordance with 19 CFR 351.310(c). Any hearing, if requested, will be held 37 days after the publication of this notice, or the first workday thereafter. Interested parties may submit case briefs within 30 days of the date of publication of this notice in accordance with 19 CFR 351.309(c)(1)(ii). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than 35 days after the date of publication. The Department will publish a notice of final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, not later than 120 days after the date of publication of this notice.

The Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. Upon completion of this review, the Department will issue appraisal instructions directly to the Customs Service. Furthermore, the following deposit rate will be effective upon publication of the final results of this administrative review for all shipments of MTPs from Japan entered, or withdrawn from warehouse, for

consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) For Komatsu (except if the order is revoked in part), HZC and HZFC, the cash deposit rate will be the rate established in the final results of this review; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will be the company-specific rate established for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original less than fair value (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 subject merchandise; and (4) for all other producers and/or exporters of this merchandise, the cash deposit rate shall be the rate established in the LTFV investigation, which is 14.51 percent. See *Notice of Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Mechanical Transfer Presses from Japan*, 55 FR 5642 (February 16, 1990). These deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review. If the order covering MTPs from Japan is revoked in-part for Komatsu, we will instruct Customs to terminate the suspension of liquidation for the merchandise covered by the revocation on the first day after the period under

review (February 1, 2001), in accordance with 19 CFR 351.222(f)(3).

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 administrative review and notice are issued in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677f(i)(1)).

Dated: February 28, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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