its preliminary results. First, they state that, in valuing activated carbon, the Department left out an importation in May 1995. Second, they argue that, in calculating the cost of packing materials, the Department used the wrong weights for the bags used to pack the sulfanilic acid. Third, they state that the Department inaccurately determined the freight cost for transporting the raw materials between the supplier factories and the sulfanilic acid factories. We have reviewed the calculations, and agree that these errors were made. They have been corrected for the final results.

Non-Shippers

Baoding and Hainan Garden stated that they did not have shipments during the period of review, and we confirmed this with the United States Customs Service. Therefore, we are treating them as non-shippers for this review, and are rescinding this review with respect to these companies. *See 19 CFR Parts 351, 353, and 355 Antidumping Duties; Countervailing Duties; Proposed Rule,* section 351.213(d)(3) (61 FR 7365, February 27, 1996). The cash deposit rates for these firms will continue to be the rates established in the most recently completed final determination.

Final Results of Review

As a result of our review of the comments received, we have determined that the following margins exist:

Manufacturer/exporter	Time period	Margin (percent)
Yude Chemical Industry Company.	8/1/94–7/31/95	*16.86
Zhenxing Chemical Industry Company.	8/1/94–7/31/95	*16.86
PRC Rate [1]	8/1/94–7/31/95	85.20

*Yude and Zhenxing have been collapsed for the purposes of this administrative review. However, we have listed them separately on this chart for Customs purposes.

[1] This rate will be applied to all firms which have not demonstrated that they are separate from the PRC government, including, but not limited to, the following firms for which a review was requested: China National Chemical Construction Corporation, Beijing Branch; China National Chemical Construction Corporation, Qingdao Branch; Jinxing Chemical Factory; Mancheng Xinyu Chemical Factory, Beijing; Mancheng Xinyu Chemical Factory, Shijiazhuang; Shunping Lile; Sinochem Hebei Import and Export Corporation; Sinochem Qingdao; and Sinochem Shandong.

The Department will instruct the Customs Service to assess antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements will be effective upon publication of these final results for all shipments of sulfanilic acid from the PRC 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) The cash deposit rates for reviewed companies named above which have separate rates will be the rates for those firms listed above; (2) for the companies named above which were not found to have a separate rate, as well as for all other PRC exporters, the cash deposit rate will be the highest margin ever in the LTFV investigation or in this or prior administrative reviews, the PRC-wide rate; and (3) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

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

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CR 353.34(d)(1). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

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

Dated: October 7, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–26358 Filed 10–11–96; 8:45 am]

BILLING CODE 3510–DS–P

[A–570–815]

Sulfanilic Acid From the People's Republic of China; Final Results of Antidumping Duty Administrative Review

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

ACTION: Notice of final results of antidumping duty administrative review.

SUMMARY: On May 20, 1996, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on sulfanilic acid from the People's Republic of China (PRC). This review covers the period August 1, 1993 through July 31, 1994.

EFFECTIVE DATE: October 15, 1996.

FOR FURTHER INFORMATION CONTACT: Karin Price or Maureen Flannery, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington D.C. 20230; telephone (202) 482–4733.

Applicable Statute

Unless otherwise indicated, all citations to the statute and to the Department's regulations are references to the provisions as they existed on December 31, 1994.

Background

On May 20, 1996, the Department published in the Federal Register (61 FR 25196) the preliminary results of its administrative review of the antidumping duty order on sulfanilic acid from the PRC (57 FR 37524, August 19, 1992). We conducted a hearing on July 24, 1996. We have now completed the administrative review in accordance with section 751 of the Tariff Act of 1930 (the Act).

Scope of the Review

Imports covered by this review are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid.

Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives. The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry, free flowing powders.

Technical sulfanilic acid contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline and 0.25 percent maximum alkali insoluble materials.

Sodium salt is a powder, granular or crystalline material which contains 75 percent minimum equivalent sulfanilic acid, 0.5 percent maximum aniline based on the equivalent sulfanilic acid content, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.

This merchandise is classifiable under Harmonized Tariff Schedule (HTS) subheadings 2921.42.22 and 2921.42.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

This review covers 10 manufacturers/exporters of sulfanilic acid from the PRC, and the period August 1, 1993 through July 31, 1994.

Analysis of Comments Received

We invited interested parties to comment on the preliminary results. We received written comments from China National Chemical Construction Corporation (CNCCC), Hainan Garden Trading Company (Hainan Garden), PHT International, Inc. (PHT), a U.S. importer, Sinochem Hebei Import and Export Corporation (Sinochem Hebei), Yude Chemical Industry Co. (Yude), and Zhenxing Chemical Industry Co. (Zhenxing) (collectively, respondents); and from the petitioner, Nation Ford Chemical Company. At the request of the petitioner, a public hearing was held on July 24, 1996.

Comment 1

Petitioner argues that CNCCC, Hainan Garden, Sinochem Hebei, Yude, and Zhenxing should be collapsed and given a single margin because of the relationships among these companies and the significant transactions they had with each other. As a result, petitioner contends there is a high probability of price manipulation and circumvention of the antidumping duty order if these five companies retain their separate cash deposit rates.

According to petitioner, the Department ''collapses'' related firms where the type and degree of relationship is so significant that we find that there is a strong possibility of price manipulation, citing to *Nihon Cement Co., Ltd.* v. *United States*, 17 CIT 400 (1993) (*Nihon*). Petitioner notes that the Department considers five factors in evaluating whether respondents should be collapsed, and that these factors were used in the preliminary results of this review to determine whether to collapse Yude and Zhenxing. Petitioner states that the Department need not find that each of these factors is present in order to warrant collapsing. Rather, the relationships among the various entities are examined to determine whether collapsing is warranted to avoid price manipulation and circumvention of the order. It argues that, although these companies do not have interlocking boards of directors, they meet each of the other factors. Petitioner contends that these factors demonstrate that there exists a strong possibility of price manipulation, and that, by trading sulfanilic acid among themselves, these companies can avoid dumping duties. By collapsing the respondents and applying a single rate to them all, the Department can prevent this. Petitioner wants the Department to weight average the rates for each of the respondents, recalculated as argued by petitioner (*see* comments 2–9 below), to determine the single rate to apply to each company.

Respondents reply that CNCCC, Hainan Garden, and Sinochem Hebei should not be collapsed with Yude and Zhenxing because they are independent entities and are not related to or affiliated with Yude, Zhenxing, or PHT. Respondents note that only related companies can be collapsed and given a single antidumping rate, citing *Nihon*, and that Yude and Zhenxing were collapsed by the Department because they had the same joint venture partner, PHT. Respondents point to the record of the review to show that, prior to the joint venture agreements, Yude and Zhenxing were privately owned and owned by ''All the People,'' respectively, and were not related to PHT. Further, CNCCC, Hainan Garden, and Sinochem Hebei are either owned by ''All the People'' or are privately owned, and are therefore not related to PHT. Respondents cite to the *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China* (59 FR 22585, May 2, 1994), in which the Department stated that ownership by ''All the People'' means that no one person can own the company, as evidence that companies owned by ''All the People'' cannot be related to PHT. Respondents argue that the sales arrangements between these companies do not make them related parties with relationships significant enough to warrant collapsing them and treating them as a single entity, and that, contrary to petitioner's assertion, the relationships between these companies lack all of the five factors used to determine whether to collapse related parties.

Department's Position

We collapse *related* parties when the type and degree of relationship is so significant that we find that there is a strong possibility of price manipulation (*see Nihon*). For purposes of determining United States price (USP) and foreign market value (FMV), the statute defines a ''related party'' in terms of agency, stock ownership, control, or ''any interest'' in the business in question. *See* section 771(13) of the Act. We have taken the position in a number of cases and in our questionnaire that ''any interest'' means at least a five percent ownership interest between the parties, arguing that five percent ownership is an appropriate indicator of the possibility of price manipulation (*see, e.g., Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, and Certain Corrosion-Resistant Carbon Steel Flat Products from Japan* (58 FR 37154, July 9, 1993).

In this review, we considered whether Yude and Zhenxing should be collapsed because each formed a joint venture with PHT; PHT has an ownership interest in each joint venture. However, the information on the record of this review shows that CNCCC, Hainan Garden, and Sinochem Hebei are not related to Yude, Zhenxing, or PHT; CNCCC and Sinochem Hebei are owned by ''All the People,'' and Hainan Garden is privately owned. Therefore, we have not collapsed CNCCC, Hainan Garden, and Sinochem Hebei with Yude, Zhenxing, and PHT. As we did in the preliminary results of review, we have calculated separate antidumping margins for CNCCC, Hainan Garden, and Sinochem Hebei; we have also calculated a separate margin for Yude and Zhenxing, which were collapsed due to their relationship with PHT.

Comment 2

Petitioner argues that CNCCC and Hainan Garden had such serious deficiencies in their questionnaire responses that the Department must base the final results for them on best information available (BIA). With respect to CNCCC, petitioner contends that the Department cannot rely on certain of CNCCC's records because of problems found at verification. Second, petitioner states that the Department was unable to trace 1993 sales to the

source records because CNCCC did not keep a ''contract book'' for 1993 as it had for 1994. Petitioner further contends that CNCCC did not cooperate with the Department by refusing to provide copies of loan documents and books that the Department had requested at verification.

With respect to Hainan Garden, petitioner notes two discrepancies at verification. First, Hainan Garden failed to record sales in a timely manner, causing Hainan Garden to be in violation of Generally Accepted Accounting Principles (GAAP) under both U.S. and PRC practice and preventing the Department from tracing Hainan Garden's reported sales to its financial statement. Second, petitioner complains that Hainan Garden failed to maintain a separate accounts receivable ledger, which also violates U.S. and PRC GAAP.

As a result of the above, petitioner argues that CNCCC and Hainan Garden impeded the Department's verifications, and that the Department is therefore required to rely on BIA, citing to 19 U.S.C. § 1677e(c) and section 353.37(a)(1) of the Department's regulations. Petitioner also cites as support *Uddeholm Corp.* v. *United States,* 676 F. Supp. 1234, 1236 (Ct. Int'l Trade 1987); *NSK Ltd.* v. *United States,* 910 F. Supp., 663, 670 (Ct. Int'l Trade 1995); *N.A.R., S.p.A.* v. *United States,* 741 F. Supp. 936, 941 (Ct. Int'l Trade 1990); and *Allied Signal Corp.* v. *United States,* 996 F.2d 1991 (Fed. Cir. 1994). Petitioner contends that CNCCC and Hainan Garden should receive as BIA the PRC-wide rate of 85.20 percent.

Respondents reply that CNCCC and Hainan Garden are both entitled to a separate antidumping margin, and that the Department was able to verify these companies with only minor discrepancies. They contend that, at CNCCC's verification, the Department traced CNCCC's 1993 and 1994 reported sales to the export sales ledgers, tied the export sales ledgers to CNCCC's financial statements, and found that all sales of sulfanilic acid made to the United States during the period of review had been reported. Next, they state that CNCCC never refused to give the Department access to requested information and, in almost every instance, allowed the Department to take copies of the documents. Lastly, they note that, in CNCCC's records, CNCCC is listed as the vendor for sales made prior to the establishment of the joint ventures between PHT and Yude and Zhenxing, and that Yude and Zhenxing are listed as the vendors for sales made subsequent to the establishment of the joint ventures.

With respect to Hainan Garden, respondents state that the PRC GAAP to which petitioner cites is a June 1, 1994 regulation, which was therefore not applicable for most of the period of review. Second, they note that Hainan Garden made it clear at verification that they had not issued an invoice for the reported sales to PHT because they had not been paid by Hainan Nationalities, the company it used to export the merchandise from the PRC, for certain other sales. Respondents also note that, despite the Department's inability to tie the sales payments to the financial statements, the Department was able to verify completeness by examining the shipping journal. Respondents lastly argue that, although Hainan Garden does not keep an ''accounts receivable'' ledger, it showed the Department its ''subsidiary ledger,'' which keeps track of payments to the factory and payments from Hainan Nationalities.

Respondents conclude that CNCCC and Hainan Garden fully cooperated with the Department, and that the Department was able to verify their questionnaire responses. Accordingly, they contend that the Department should use their questionnaire responses to calculate a margin for these companies.

Department's Position

We disagree with petitioner. At verifications, CNCCC and Hainan Garden fully cooperated with our requests for information, and, with the exception of some minor discrepancies, we were able to verify the information provided in CNCCC's and Hainan Garden's questionnaire responses. Therefore, we have used their questionnaire responses to determine their antidumping duty rates.

With regard to CNCCC, we do not find that the problems found at verification with some of CNCCC's records are such that the documents cannot be relied upon. Further, we were able to conduct our completeness test using CNCCC's export sales ledgers for 1993 and for 1994, and we found that all sales of sulfanilic acid to the United States during the period of review had been reported (*see* pages 5–6 of the May 30, 1996 CNCCC verification report). The ''contract book'' to which petitioner refers is a workbook kept by the sales person in charge of sulfanilic acid for her personal use. The sales person did not maintain such a workbook for sales made in 1993. We reviewed the 1994 contract book as an additional check to ensure that all sales had been reported. That the sulfanilic acid sales person did not maintain such a book for 1993 sales does not mean that we were not able to verify that sales made in 1993 had been properly reported; as mentioned above, we were able to verify completeness using the export sales ledgers. Lastly, although CNCCC did not allow us to take copies of certain documents, we were allowed to review those documents, and the results of our review have been reported in the verification report. We do not believe that this hindered our verification such that use of BIA is warranted.

Whether Hainan Garden maintains its records in a manner conforming to the PRC or the U.S. GAAP is not an issue which warrants the use of BIA for that company. Rather, at verification, we examined the company's records to determine whether the information reported to us in the questionnaire responses is complete and accurate. At Hainan Garden's verification, we found that we could not tie the sales made to PHT to the financial statement because the sales had not yet been recorded in the company's records, and we found that Hainan Garden had not received payment for two of these sales. Hainan Garden provided the following explanation, which is described in the September 14, 1995 Hainan Garden verification report. Hainan Garden used another company, Hainan Nationalities, to export the merchandise. Sometimes Hainan Garden received payment from Hainan Nationalities and it paid the factories, and sometimes Hainan Nationalities paid the factories and remitted to Hainan Garden its revenues. Hainan Garden stated that, for the sales to PHT, Hainan Nationalities had not paid Hainan Garden because of a payment problem on sales of other products, but that Hainan Nationalities had paid the factories. Because of the amount outstanding, Hainan Garden had not sent to Hainan Nationalities an invoice and had not recorded the sales on its financial statements.

At verification, we reviewed Hainan Garden's shipping journal, sales journal, and subsidiary ledger showing payments to the factories and payments from Hainan Nationalities. From the documentation we reviewed, we were able to verify that all sales of sulfanilic acid to the United States during the period of review had been reported. With regard to the subsidiary ledger, we are satisfied that Hainan Garden maintains a record of the amounts which it is owed. As we are satisfied that Hainan Garden, with some minor discrepancies, reported to us its sales information accurately and completely, we have not used BIA to calculate its margin.

Comment 3

Petitioner argues that use of Indian import prices as the surrogate value for aniline is inappropriate. Petitioner contends that the domestic market prices of aniline reported in *Chemical Business* and *Chemical Weekly* should be used as surrogate values because they accurately reflect the prices paid for aniline by Indian manufacturers of sulfanilic acid. It notes that the import value of aniline used for the preliminary results of review is approximately 30 percent of the prices reported in *Chemical Business* and *Chemical Weekly*.

Petitioner states that, in selecting surrogate values for a factors-of-production analysis, the Department attempts to calculate values for raw materials in a manner which closely approximates the actual costs of the raw materials paid by manufacturers in the surrogate country market. As support, petitioner cites to 19 U.S.C. § 1677b(c), the *Final Determination of Sales at Less Than Fair Value: Coumarin from the People's Republic of China* (59 FR 66895, December 28, 1994) (*Coumarin*), and the *Notice of Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China* (59 FR 58818, November 15, 1994) (*Saccharin*).

Petitioner contends that the data it submitted from *Chemical Business* and *Chemical Weekly* provide the most accurate source of surrogate values for aniline, and stresses that they are consistent with information provided by the U.S. Embassy in India for the less-than-fair-value (LTFV) investigation of this case (*see Final Determination of Sales at Less Than Fair Value: Sulfanilic Acid from the People's Republic of China* (57 FR 29705, July 6, 1992) (*Sulfanilic Acid*)). It states that the fact that the import value of aniline is so much lower than the prices reported in *Chemical Business* and *Chemical Weekly* is evidence that the prices in those publications are more reliable. Petitioner notes that these publications have been used as sources of surrogate values in other cases, including the *Notice of Final Determination of Sales at Less Than Fair Value: Sebacic Acid from the People's Republic of China* (59 FR 28053, May 31, 1994) (*Sebacic Acid*) and the *Notice of Final Determination of Sales at Less Than Fair Value: Bicycles from the People's Republic of China* (61 FR 19026, April 30, 1996) (*Bicycles*), and were also used to determine surrogate values for sulfuric acid and activated carbon in the preliminary results of this review. According to petitioner, it makes no sense for the Department to use *Chemical Business* and *Chemical Weekly* for two surrogate values in this review, but to reject them for valuing aniline.

Petitioner further argues that there is nothing on the record to suggest that the PRC producers only use aniline imported into the PRC, or that Indian manufacturers of sulfanilic acid only use imported aniline. It cites to a letter from the president of R-M Industries (now called Nation Ford Chemical Company) stating that none of the Indian importers of aniline are sulfanilic acid producers. Without substantial evidence pointing to import values as the source for the surrogate values, petitioner believes that the Department should not rely on the low import values.

Moreover, petitioner contends that the Indian import statistics used by the Department for the preliminary results reflect the value of the aniline at the foreign port of export, and, therefore, the cost to produce aniline in the country of exportation, not India. As a result, the import statistics do not reflect costs incurred by Indian sulfanilic acid manufacturers and should be rejected.

Petitioner also claims that reliance on Indian import statistics assumes that Indian sulfanilic acid producers can purchase aniline in bulk quantities at low per-unit prices, noting that chemicals such as aniline are imported in large quantities by Indian importers. By contrast, Indian sulfanilic acid producers are small operations without the need or ability to purchase, store, or use large volumes of aniline, and would pay a higher per-unit cost than do Indian importers of such chemicals. Petitioner argues that the reported Indian domestic prices of aniline in *Chemical Business* and *Chemical Weekly* reflect the development of the Indian industry, which is similar to that of the Chinese industry and consists of smaller facilities without modern, efficient methods of production.

Petitioner contends that respondents' argument in comments submitted before the preliminary results that the Department should disregard the domestic prices of aniline, a petroleum-based product, in *Chemical Business* and *Chemical Weekly* because India is not a petroleum producing country, resulting in artificially high domestic aniline prices, is unfounded. Petitioner states that respondents have not offered support for this claim, and notes that leading aniline exporters, such as Japan or the Netherlands, do not produce large amounts of petroleum. Accordingly, petitioner contends that petroleum production does not determine the price of aniline.

Petitioner further contends that the import prices should not be used because the import statistics contain significant unexplained aberrations. For example, petitioner notes that the U.S. export statistics show that the United States exported to India over four times the amount of aniline than is indicated by the Indian import statistics.

Lastly, petitioner argues that the Department has considered whether Indian import statistics merit consideration as surrogate values in other cases. Petitioner cites specifically to *Coumarin*, in which the Department found that Indian import statistics for chlorine were aberrational because they varied sharply from ''numerous examples of alternative price sources,'' and therefore did not use the import values for chlorine. Instead, the Department used non-publicly available price quotes supplied by the petitioner. Petitioner contends that the situation in this case is no different, because a number of sources of information on the record of this review indicate that the value of aniline is at least three times greater than the import value used by the Department in the preliminary results of review.

Respondents contend that the Department should continue to use import prices for valuing aniline, as was done in the LTFV investigation of this case (*see Sulfanilic Acid*). They state that the Department's primary objective in a review is to calculate antidumping margins as accurately as possible for the PRC producers/exporters, citing the *Final Determinations of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans from the People's Republic of China* (56 FR 55271, October 25, 1991) (*Fans*). To do so, the Department must determine the actual cost of aniline for an Indian manufacturer that produces sulfanilic acid for export. They state that the evidence on the record of this review shows that Indian sulfanilic acid producers use imported aniline to produce sulfanilic acid for export, and that there is no evidence to show that they use domestic aniline to produce sulfanilic acid for export. They further state that the evidence shows that exported sulfanilic acid would not be competitive if they used domestic aniline.

Respondents note that they have submitted to the record a letter from an Indian sulfanilic acid producer stating that it uses imported aniline to produce sulfanilic acid for export, a letter from an Indian sulfanilic acid exporter describing in detail how an Indian producer uses imported aniline for export without paying import duties, and a letter from a sulfanilic acid end

user stating that Indian sulfanilic acid producers could not use domestic aniline to produce sulfanilic acid for export because their prices would not be competitive. They contend that since there is no publicly available published information regarding the source of aniline for Indian sulfanilic acid producers, the Department must rely on this next best information to show that imported aniline is used by Indian sulfanilic acid producers. They further note that there is nothing on the record showing that Indian manufacturers use domestically-produced aniline to produce sulfanilic acid for export.

According to respondents, the domestic Indian aniline market is inefficient and protected by high tariffs. Therefore, respondents argue, Indian-produced aniline is very expensive, and the Indian government allows aniline to be imported duty free for production of sulfanilic acid for export. Respondents contend that petitioner fails to take into account that Indian sulfanilic acid producers use different aniline inputs for producing sulfanilic acid for the domestic and export markets. Respondents state that, while the prices reported in *Chemical Business* and *Chemical Weekly* may reflect the cost of domestically-produced aniline, they do not reflect the cost of imported aniline used to produce sulfanilic acid for export and should therefore be rejected in favor of import prices. They argue that use of import prices does not mean that the surrogate country is Japan or some other country, because the import prices are actual market prices paid by Indian, not Japanese, sulfanilic acid producers.

They further claim that the Indian import prices are not aberrational, are close to the world market price, and have remained steady during the period of review; this leads to a more accurate calculation of the export price for sulfanilic acid. Lastly, respondents note that the Department is not required to choose one source of surrogate information to value all factors in the face of evidence that it will lead to inaccurate results.

Department's Position

We disagree with petitioner. The evidence placed on the record of this review by the respondents indicates that Indian sulfanilic acid producers use imported aniline in their production process when they produce sulfanilic acid for export. Therefore, these values best approximate the cost incurred by the sulfanilic acid exporters in India, and we have continued to use import prices reported in the *Monthly Statistics of the Foreign Trade of India, Volume II—Imports (Indian Import Statistics*) to value aniline for the final results of review, as in the LTFV investigation of this case (*see* our response to Comment 1 in Sulfanilic Acid).

With regard to petitioner's argument that the import statistics reflect the value at the port of export, we note that the introductory comments to the *Indian Import Statistics* state that the values are reported on a CIF (cost, insurance, freight) basis (*see* our response to Comment 4). Therefore, we disagree with petitioner that the import values are inappropriate because they reflect only the cost to produce in the country of exportation.

Contrary to petitioner's argument that it does not make sense to reject *Chemical Business* and *Chemical Weekly* for aniline but to use them for other factors, we believe that we can use different sources for valuing different factors when we find that the surrogate values are appropriate. Therefore, it is not inappropriate to use the *Indian Import Statistics* to value aniline and to use *Chemical Business* and *Chemical Weekly* to value other factors.

Comment 4

Petitioner argues that, if the Department continues to use import prices as the surrogate value for aniline, the import prices should be adjusted to account for ocean freight from the port of export to India, Indian port terminal and brokerage charges, the Indian importers' mark-up, and the Indian import duty, in order to approximate costs incurred by Indian sulfanilic acid producers. Petitioner contends that the aniline import values relied upon by the Department in the preliminary results are FOB values at the foreign port of export, and, therefore, do not include such costs. Petitioner states that the ultimate purchaser of the aniline, the Indian sulfanilic acid producer, would clearly be charged these expenses, and that an upward adjustment is necessary to reflect the total cost of the aniline. Petitioner contends that a comparison of the customs import values used for the preliminary results and CIF import prices reported in *Chemical Weekly* show that the CIF values are considerably higher, and that the use of the customs values, which are FOB foreign port of export, confers a substantial unfair benefit upon respondents. Petitioner suggests that an upward adjustment of eight percent, the statutory minimum profit, be used to make the adjustment for the importer's markup.

With regard to import duties, petitioner states that aniline imported into India during the period of review was subject to an *ad valorem* duty of 85 percent which was not added to the surrogate value for aniline in the preliminary results of this review. According to petitioner, the letter from the sulfanilic acid exporter provided by the respondents, which states that import duties on aniline are not collected when the sulfanilic acid is exported, does not demonstrate that this 85 percent duty should not be included in the surrogate value. Petitioner notes that the Department has previously concluded that the import duty exemption for aniline was a countervailable subsidy under the U.S. law, citing the *Preliminary Affirmative Countervailing Duty Determination: Sulfanilic Acid from India* (57 FR 35784, August 11, 1992) (*Sulfanilic Acid CVD Determination*), and argues that the alleged forgiveness of import duties, a countervailable subsidy, does not warrant the disregarding of the import duty in the factors-of-production analysis.

Respondents reply that the Department should not make any adjustments to the import value of aniline. They state that, in previous cases, such as *Sebacic Acid, Saccharin*, and the *Notice of Final Determination of Sales at Less Than Fair Value; Polyvinyl Alcohol from the People's Republic of China* (61 FR 14057, March 29, 1996) (*Polyvinyl Alcohol*), the Department has eliminated from the surrogate values excise taxes, freight, and all other charges associated with the surrogate values because the Department already adds amounts for freight charges and other markups. Respondents note that, in this review, the Department has added to the surrogate value for aniline freight costs for transporting the aniline from the supplier in the PRC to the sulfanilic acid factory and PRC brokerage and handling costs. Therefore, respondents contend, the petitioner is arguing that the Department double count such expenses.

Respondents also state that they have submitted evidence to the record of this review showing that, pursuant to the Indian government's duty drawback program, Indian importers of aniline import the chemical duty free and export the sulfanilic acid without the payment of the import duty. Therefore, the import duty would not be included in the cost of the aniline to the sulfanilic acid producer. They further state that the Department determined in the *Sulfanilic Acid CVD Determination* that the duty drawback for aniline was a countervailable subsidy based on BIA, using information provided by petitioner which misled the Department into believing that aniline is removed

from the sulfanilic acid during the production process.

Respondents further argue that the Department should not add to the surrogate value for aniline an amount for the importer's markup. First, respondents state that the petitioner has not submitted any evidence as to what the importer's markup would be for aniline. Further, since the surrogate value should be as close as possible to the price at the factory gate and the import value of aniline represents the closest approximation of the actual aniline cost to the Indian manufacturer, it should not include any upward adjustments after importation which would artificially inflate the aniline cost.

Department's Position

We agree with petitioner that, in order for the surrogate values to reflect the true costs to India for the raw materials, the surrogate values should include freight to India. However, the introductory notes to the *Indian Import Statistics,* used to determine the surrogate value for aniline, state that the values are reported on a CIF basis. Thus, the reported import values include the costs of transporting the merchandise to India, and an adjustment for ocean freight from the port of export to India and for Indian port terminal and brokerage charges is not necessary. This does not double count freight charges, as argued by respondents. We add freight costs to the cost of manufacturing to account for costs for transporting the raw materials from the suppliers of the raw materials to the factory producing the subject merchandise, not freight to the surrogate country.

We also disagree that we should add an importer's markup to the surrogate value. There is no evidence on the record of the review indicating who imports the aniline, the sulfanilic acid producer or an importer who sells the aniline to the sulfanilic acid producer. Accordingly, there is no basis for determining that an importer's markup would be included in the price to the Indian sulfanilic acid producer and for adjusting the surrogate value for such a markup.

With respect to petitioner's argument that we should include an amount for import duties in the surrogate value for aniline, we note that respondents have placed on the record evidence showing that the import duty is not paid when the sulfanilic acid is exported. Therefore, we disagree with petitioner, and have not made an adjustment for import duties.

Comment 5

Petitioner argues that the Department should include a factor for water in its factors-of-production calculation. It contends that water is a significant input in the production of sulfanilic acid, and, therefore, should not be included in factory overhead. According to petitioner, the fact that the PRC producers may not incur any charges for water is not relevant to what the proper valuation should be in a factors-of-production analysis, arguing that surrogate values are used in non-market-economy (NME) country cases because the valuation of inputs is unreliable in the NME country. Therefore, since water is used in the production of sulfanilic acid, it should be valued in India without regard to the value that may be assigned that factor in the PRC.

Respondents reply that, in past cases, the Department has determined that water was part of factory overhead because it was already included in Indian overhead numbers. As support, they cite to *Polyvinyl Alcohol, Sebacic Acid, Saccharin,* and *Sulfanilic Acid.* They state that petitioner has provided no reason in this case to overturn this established precedent.

Department's Position

We disagree with petitioner. As was stated in Yude's and Zhenxing's questionnaire responses, and verified, Yude and Zhenxing have their own wells from which they pump water for use in the production process; the water is then recirculated. As we have stated in *Saccharin,* the *Notice of Final Determination of Sales at Less Than Fair Value; Disposable Pocket Lighters from the People's Republic of China* (60 FR 22359, May 5, 1995), and *Coumarin,* it is normal practice to include such costs in factory overhead. Moreover, the data provided in the *Reserve Bank of India Bulletin,* used to determine the surrogate value for factory overhead, did not indicate to the contrary. Therefore, we have included water in factory overhead and have not valued it separately.

Comment 6

Petitioner argues that the Department erroneously based Sinochem Hebei's ocean freight on surrogate costs. It notes that when an input is sourced from a market economy country and is paid for in a convertible currency, the Department's policy is to use actual costs, not surrogate costs.

Respondents reply that the verification report for Sinochem Hebei states that ocean freight was always provided by NME carriers. Therefore, they contend that ocean freight should be valued using surrogate values, even if the expense was paid for in U.S. dollars.

Department's Position

We agree with petitioner that when an input is provided by a market economy country in a convertible currency, we value the input using the actual cost. However, we found at verification that ocean freight for Sinochem Hebei's sales was always provided by NME carriers (*see* page 5 of the May 30, 1996 Sinochem Hebei verification report), even though it was sometimes paid in U.S. currency and sometimes paid in renminbi. Accordingly, we have valued ocean freight for all of Sinochem Hebei's purchase price (PP) and exporter's sales price (ESP) sales using surrogate values.

Comment 7

Petitioner contends that the Department should make an adjustment to Sinochem Hebei's ESP and PP sales for commissions and warehousing expenses paid by Alchemy International (Alchemy), Sinochem Hebei's U.S. subsidiary, and an adjustment to Yude's/Zhenxing's ESP sales for commissions paid by PHT, citing sections 353.41(e) and 353.56(a)(2) of the Department's regulations. Petitioner notes that, in their questionnaire responses, Sinochem Hebei and Yude/Zhenxing stated that they did not pay these expenses on their sales to the United States, but that the Department discovered these expenses for the first time at verifications. According to petitioner, since the respondents did not report these expenses in their responses, the Department should use BIA to adjust for them. It also argues that the Department should made an adjustment to the USP for Sinochem Hebei for credit expenses incurred on U.S. sales, citing *Bicycles,* 61 FR at 19028–29.

Petitioner further argues that the Department must deduct indirect selling expenses incurred by Alchemy in the calculation of ESP for Sinochem Hebei. According to petitioner, these expenses should be deducted even though this is an NME proceeding, because the Department found in *Bicycles* that the statute requiring that indirect selling expenses be deducted ''provides no exception for cases involving non-market-economy countries.'' It contends that this analysis governs this proceeding even though the decision in *Bicycles* was made under the Act as amended in 1994, rather than the prior version of the statute governing this review.

Respondents reply that, at the verification of Alchemy, the Department

found no evidence that commissions were paid on sales of sulfanilic acid and was able to verify the specific ESP sales for which warehousing expenses were paid. Further, they state that the credit expenses referred to in the Alchemy verification report were not related to sales of sulfanilic acid. They also reply that, at the verification of PHT, the Department verified the sales for which commissions were paid and, if it makes an adjustment for commissions, should make the adjustment only for those sales.

With regard to the deduction of indirect selling expenses from ESP, respondents reply that it has been the Department's long-standing practice not to deduct indirect selling expenses and profit in NME cases because of the difficulty in isolating these expenses in the surrogate values. As support, they cite *Fans, Coumarin, Notice of Final Determination of Sales at less Than Fair Value: Pure Magnesium from Ukraine* (60 FR 16432, March 30, 1995), and *Saccharin.* According to respondents, the Department needs to make a fair comparison between USP and FMV, citing *The Budd Co.* v. *United States,* 746 F. Supp. 1093, 1098 (Ct. Int'l Trade 1990) and *Smith Corona Group* v. *United States,* 713 F.2d 1568 (Fed. Cir. 1983), and should stand by this long-standing decision that such adjustments would lead to inaccurate results. They further argue that to implement this policy retroactively as a result of *Bicycles* would be unfair. Respondents also contend that the U.S. Congress' failure to amend the antidumping law to overrule the longstanding policy not to deduct indirect selling expenses shows it was aware of this practice and approved it.

Lastly, respondents point out that any required adjustments resulting from the Uruguay Round Agreements Act (URAA) are not applicable to this review as it was requested before implementation of the URAA.

Department's Position

With regard to whether direct and indirect selling expenses should be deducted from ESP in the calculation of our margins, we have reexamined our position. In *Bicycles,* we stated that we had reevaluated our practice in this area and concluded that selling expenses should be deducted in the calculation of constructed export price (CEP) under section 772(c)(2)(d) of the statute effective January 1, 1995, the effective date of the amendments made to the Act by the URAA (*see Bicycles,* 61 FR at 19031 (Comment 1)). Although the provisions which became effective January 1, 1995 are not applicable to this review, as it was requested prior to January 1, 1995, the language of section 772(e) of the provisions as they existed on December 31, 1994 and applicable to this review clearly state that ESP shall be reduced by the amount of commissions for selling in the United States the particular merchandise under consideration and expenses generally incurred by or for the account of the exporter in the United States. This language requires the same deductions to ESP as does the language requiring deductions to CEP under the provisions effective January 1, 1995. We have therefore changed our practice in this respect from that described in the cases cited to by respondents. Pursuant to our current practice as described in *Bicycles,* we have deducted from ESP for Sinochem Hebei and for Yude/Zhenxing direct selling expenses, including credit, warehousing expenses, and commissions, as applicable and verified, and indirect selling expenses incurred in the United States.

Comment 8

Petitioner argues that the Department failed to exclude sales made by Sinochem Hebei to a related party in its analysis. According to petitioner, Sinochem Hebei did not clarify the relationship between these parties in its supplemental questionnaire response, as requested by the Department, and did not reveal that it sold to this party until verification.

Respondents reply that there is no information on the record of this review to indicate that Sinochem Hebei is related to Sinochem U.S.A. They cite to the verification report for Sinochem Hebei, which states that the Department reviewed the related party ledger for Sinochem Hebei and did not find any companies other than those listed in the organization chart.

Department's Position

We disagree with petitioner. At the verification of Sinochem Hebei, we inquired about Sinochem Hebei's relationship to Sinochem U.S.A., and were told that Sinochem Hebei is independent of Sinochem U.S.A., that Sinochem U.S.A. is part of Sinochem China, and that Sinochem Hebei made sales to Sinochem U.S.A. We reviewed Sinochem Hebei's organization chart and related party ledger, and found no indication that Sinochem Hebei is related to Sinochem U.S.A. *See* page 2 of the May 30, 1996 Sinochem Hebei verification report. Therefore, sales made to Sinochem U.S.A. have not been treated as related party sales in our analysis.

Comment 9

Petitioner argues that the Department must rely on BIA to calculate freight expenses incurred by PHT because, at verification, the Department discovered that PHT's freight records were inconsistent and undocumented; therefore, the freight records cannot be relied upon. According to petitioner, PHT's accountants stated that there were no documents to support an adjustment they had made to PHT's freight expenses in preparing PHT's financial statements and the reason for the adjustment was explained unsatisfactorily.

Respondents reply that, with regard to freight costs, the Department examined at verification the original freight documents for specific sales and verified the fact that ocean freight and marine insurance was provided by PRC companies. Therefore, the fact that the Department could not tie all freight costs to the financial statements is irrelevant because actual costs will not be used in the calculation.

Department's Position

We disagree with petitioner. Although we were not able to trace the freight account in the general ledger to the financial statements at verification, we are satisfied that, except for minor discrepancies, Yude and Zhenxing reported their sales information accurately and completely. At PHT's verification, we reviewed the actual freight documents for each ESP sale made by PHT during the period of review. Accordingly, we were able to use the actual freight amounts charged to PHT to determine the per unit amount of U.S. inland freight deducted from ESP. We also found that ocean freight and marine insurance was always provided by NME companies, and, therefore, we used surrogate values to value both expenses.

Clerical Errors

Respondents contend that the Department made two clerical errors in its preliminary results. First, they argue that, in calculating the cost of packing materials, the Department used the wrong weights for the bags used to pack the sulfanilic acid. Second, they state that the Department inaccurately determined the freight cost for transporting the raw materials between the supplier factories and the sulfanilic acid factories. We have reviewed the calculations, and agree that these errors were made. They have been corrected for the final results.

Final Results of Review

As a result of our review of the comments received, we have determined that the following margins exist:

Manufacturer/exporter	Time period	Margin (percent)
China National Chemical Construction Corporation	8/1/93–7/31/94	60.68
Hainan Garden Trading Company	8/1/93–7/31/94	67.05
Sinochem Hebei Import & Export Corporation	8/1/93–7/31/94	7.70
Yude Chemical Industry Company*	8/1/93–7/31/94	0.00
Zhenxing Chemical Industry Company*	8/1/93–7/31/94	0.00
PRC Rate	8/1/93–7/31/94	85.20

* Yude and Zhenxing have been collapsed for the purposes of this administrative review. However, we have listed them separately on this chart for Customs purposes.

The Department will instruct the Customs Service to assess antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements will be effective upon publication of these final results for all shipments of sulfanilic acid from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Act: (1) the cash deposit rates for reviewed companies named above which have separate rates will be the rates for those firms listed above; (2) for the companies which were not found to have a separate rate, Baoding No. 3 Chemical Factory, China National Chemical Construction Corporation, Qingdao Branch, Jinxing Chemical Factory, Sinochem Qingdao, and Sinochem Shandong, as well as for all other PRC exporters, the cash deposit rate will be the highest margin ever in the LTFV investigation or in this or prior administrative reviews, the PRC-wide rate; and (3) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

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

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CR 353.34(d)(1). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

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

Dated: October 7, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–26368 Filed 10–11–96; 8:45 am]

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National Institute of Standards and Technology

[Docket No. 960909249–6276–02]

RIN 0693–XX23

National Voluntary Conformity Assessment System Evaluation (NVCASE) Program

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice; request for public comment.

SUMMARY: This is to advise the public that the National Institute of Standards and Technology (NIST) received a letter dated July 25, 1996 from The National Board of Boiler and Pressure Vessel Inspectors requesting the development of a new program under the National Voluntary Conformity Assessment Systems Evaluation (NVCASE) Program. The letter requests NVCASE to evaluate and accredit that Board as an ISO–9000 registrar so that it, in turn, can conduct audits of manufacturers of pressure vessels according to ISO–9000, formally registering those which are in compliance. The Board's goal is to achieve acceptance by Canada and other governments of ISO 9000 registrations performed in the United States on an equal basis with those performed in those other countries.

DATES: Comments on this request must be received by December 30, 1996.

ADDRESSES: Comments should be submitted in writing to Robert L. Gladhill, NVCASE Program Manager, NIST, Bldg. 820, Room 282, Gaithersburg, MD 20899, by fax at 301–963–2871, or email rlglad@nist.gov.

FOR FURTHER INFORMATION CONTACT: Robert L. Gladhill, NVCASE Program Manager, at NIST, Bldg. 820, Room 282, Gaithersburg, MD 20899, by telephone at 301–975–4029, by fax at 301–963–2871 or by email at rlgad@nist.gov.

SUPPLEMENTARY INFORMATION: The NVCASE procedures at 15 CFR Part 286 require NIST to seek public consultation when it receives such requests. This program involves a collection of information subject to the Paperwork Reduction Act. This collection is approved by the Office of Management and Budget under control No. 0693–0019.

The text of the request follows:

July 25, 1996.

Mr. Robert L. Gladhill, Program Manager, NVCASE Program, NIST, Bldg. 820, Room 282, Gaithersburg, MD 20899

Dear Mr. Gladhill: The National Board of Boiler and Pressure Vessel Inspectors is requesting NIST to accredit the National Board as an ISO–9000 registrar under the NVCASE program. We would like to coordinate our activities with NIST to achieve our goal in the most expeditious manner possible. Successful efforts from both our organizations will help boiler and pressure vessel manufacturers in the global marketplace.

The National Board is the central organization in the United States that coordinates certification and enforcement activities in the boiler and pressure vessel industry. The National Board is comprised of the chief inspectors of the states and certain cities of the Unites States. These chief