

DEPARTMENT OF COMMERCE**Submission For OMB Review;
Comment Request**

The Department of Commerce (DOC) has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: Bureau of the Census.

Title: Survey of Residential Alterations and Repairs.

Form Number(s): SORAR-705.

Agency Approval Number: 0607-0130.

Type of Request: Extension of a currently approved collection.

Burden: 2,000 hours.

Number of Respondents: 2,000.

Avg Hours Per Response: 15 minutes.

Needs and Uses: The Census Bureau conducts the Quarterly Survey of Residential Alterations and Repairs to collect information on real-property improvements and repairs from a sample of owners or designated representatives of rental or vacant residential housing units. We mail this survey quarterly to respondents over a one-year period. We use data gathered in this survey as a component to our published estimates of expenditures for residential upkeep and improvement. Data on improvements and repairs to owner occupied housing units are gathered in the Consumer Expenditures Survey and are also incorporated into published estimates. Estimates are used by a variety of private businesses and trade associations for marketing studies, economic forecasts, and assessments of the construction industry. They also provide all levels of government with a tool to evaluate economic policy and measure progress towards established goals. For example, the Bureau of Economic Analysis uses the improvement statistics to develop the structures component of gross private domestic investment in the national income and product accounts.

Affected Public: Individuals or households, Businesses or other for-profit, State, local or tribal government.

Frequency: Quarterly.

Respondent's Obligation: Voluntary.

Legal Authority: Title 13 USC, Section 182.

OMB Desk Officer: Jerry Coffey, (202) 395-7314.

Copies of the above information collection proposal can be obtained by calling or writing Linda Engelmeier, Acting DOC Forms Clearance Officer, (202) 482-3272, Department of Commerce, room 5312, 14th and

Constitution Avenue, NW, Washington, DC 20230.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to Jerry Coffey, OMB Desk Officer, room 10201, New Executive Office Building, Washington, DC 20503.

Dated: December 2, 1996.

Linda Engelmeier,

Acting Departmental Forms Clearance Officer, Office of Management and Organization.

[FR Doc. 96-31260 Filed 12-09-96; 8:45 am]

BILLING CODE 3510-07-F

Foreign-Trade Zones Board

[Docket 21-95]

Foreign-Trade Zone 168—Dallas-Fort Worth, Texas Withdrawal of Application for Expanded Manufacturing Authority Nokia Mobile Phones Manufacturing (USA), Inc.

Notice is hereby given of the withdrawal of the application submitted by the Foreign-Trade Zone Operating Company of Texas, operator of FTZ 168, requesting authority on behalf of Nokia Mobile Phones Manufacturing (USA), Inc., to expand Nokia's authority to manufacture telecommunications products under zone procedures within FTZ 168. The application was filed on May 8, 1995 (60 FR 26716, 5/18/95).

The withdrawal was requested by the applicant because of changed circumstances, and the case has been closed without prejudice.

Dated: November 26, 1996.

John J. Da Ponte, Jr.,

Executive Secretary.

[FR Doc. 96-31248 Filed 12-9-96; 8:45 am]

BILLING CODE 3510-DS-P

International Trade Administration

[A-588-840]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Engineered Process Gas Turbo-Compressor Systems, Whether Assembled or Unassembled, and Whether Complete or Incomplete From Japan

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

EFFECTIVE DATE: December 10, 1996.

FOR FURTHER INFORMATION CONTACT: Irene Darzenta or Howard Smith, Office

of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-6320 or (202) 482-5193.

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

Preliminary Determination

We preliminarily determine that engineered process gas turbo-compressor systems ("EPGTS"), whether assembled or unassembled, and whether complete or incomplete, from Japan are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the initiation of this investigation on May 28, 1996 (*Notice of Initiation of Antidumping Duty Investigation: Engineered Process Gas Turbo-Compressors, Whether Assembled or Unassembled, and Whether Complete or Incomplete from Japan*, 61 FR 28164, June 4, 1996), the following events have occurred.

On July 1, 1996, the United States International Trade Commission ("ITC") notified the Department of Commerce ("the Department") of its affirmative preliminary determination (see ITC Investigation No. 731-TA-748). The ITC found that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Japan of EPGTS.

Also, on July 1, 1996, we presented Section A (Organization, Accounting Practices, Markets and Merchandise) of the Department's questionnaire to Mitsubishi Heavy Industries, Ltd. ("MHI") and its U.S. affiliate Mitsubishi Heavy Industries America Inc. ("MHIA") (collectively "MHI"), the sole respondent in this investigation. See the "Respondent Selection" section of this

notice. MHI's response to Section A was received on July 29, 1996.

On August 6, 1996, Dresser-Rand Company, the petitioner in this investigation, alleged that there are reasonable grounds to believe or suspect that MHI's third country sales during the period of investigation ("POI") were made at prices below the cost of production. MHI objected to the petitioner's allegation on August 9, 1996. The petitioner supplemented its allegation with additional information on August 27, 1996. The Department initiated a sales-below-cost investigation with respect to third country sales on August 30, 1996. This issue, however, became moot when MHI reported on October 18, 1996, that it had a viable home market based on the memorandum issued by the Department on October 8, 1996, which clarified the scope of the investigation.

Based on the information received in MHI's Section A response, on August 9, 1996, we issued Sections A-1 (Supplier Affiliations), B (Third Country Sales), C (U.S. Sales) and D (Constructed Value ("CV")) of the Department's questionnaire to MHI. Section D-1 (Cost of Production) of the questionnaire was issued on August 30, 1996. Responses to these sections were received on August 27, September 20, and September 30, 1996. A supplemental questionnaire relevant to Sections A-D was issued on October 15, 1996. MHI's response to Sections A and C of the Department's supplemental questionnaire were received on November 5, 1996.

On September 12, 1996, at the request of the petitioner, we postponed the preliminary determination to December 4, 1996. (*See Notice of Postponement of Preliminary Determination: Antidumping Investigation of Engineered Process Gas Turbo-Compressors, Whether Assembled or Unassembled, and Whether Complete or Incomplete from Japan*, 61 FR 50272, September 25, 1996.)

During the period June 19, 1995, through July 15, 1996, the petitioner and the respondent filed comments requesting clarification of the scope of this investigation with respect to: (1) the end uses of the subject merchandise; (2) the treatment of revamped and repair EPGTS parts and components; and (3) the definition of complete and incomplete EPGTS covered by the scope. On October 8, 1996, the Department clarified the scope of the investigation with respect to end uses and revamped and repair parts and components. *See* October 8, 1996, Memorandum to Jeffrey Bialos from The Team Re: Scope Issues. *See also* "Scope of Investigation" section of this notice.

With respect to the definition of complete and incomplete EPGTS, *see* "Scope Issues" section of this notice.

Based on the Department's scope clarification made with respect to the end uses of the subject merchandise, on October 18, 1996, MHI informed the Department that its home market was viable, but that none of MHI's home market sales made during the POI was sufficiently similar to its U.S. sale to serve as the basis for price-to-price comparisons. Based on MHI's representations, subject to verification, the Department notified MHI on October 23, 1996, that it need no longer respond to the questions concerning third country sales contained in Sections B and D of the Department's October 15, 1996 supplemental questionnaire. Subsequently, on October 23, 1996, the Department issued a revised Section D supplemental questionnaire and requested that MHI provide complete home market sales data following the same format as that outlined in the Department's August 9, 1996 Section B questionnaire so that the Department could evaluate adequately its selling practices. MHI's response to the revised supplemental Section D questionnaire was received by the Department on November 12, 1996. Home market sales data was provided to the Department on November 8 and 22, 1996.

MHI sold subject merchandise in the United States during the POI through a Japanese trading company and its U.S. subsidiary. In order to fully investigate the issue of whether MHI and the trading company (and its U.S. subsidiary) are affiliated parties, on October 23 and 28, 1996, the Department issued questionnaires to MHI and the trading company, respectively. Responses to these questionnaires were received on November 8 and 19, 1996, respectively. MHI submitted supplemental responses on November 20 and 22, 1996.

On November 18, 1996, the petitioner filed comments on issues to be resolved and methodologies to be employed in the preliminary determination. MHI filed rebuttal comments on November 25, 1996.

On November 21, 1996, the petitioner filed a home market sales-below-cost allegation, stating that during the POI, MHI sold subject merchandise in the home market below the cost of production and, therefore, should be excluded from the Department's calculation of profit for CV purposes. On November 22, 1996, MHI filed comments in rebuttal to the petitioner's allegation. The Department initiated a home market sales-below-cost investigation on December 4, 1996. *See*

Memorandum to Louis Apple from The Team Regarding Initiation of Home Market Sales-Below-Cost Investigation dated December 4, 1996.

Respondent Selection

The petitioner named five Japanese producers of subject merchandise in the petition, and stated that, of these five producers, only MHI sold subject merchandise in the United States during the POI. On June 12, 1996, we sent a letter to the Japanese Embassy in Washington, D.C. requesting whether there were any shipments of the subject merchandise to the United States by any of the companies listed in the petition during the period May 1, 1991 through May 31, 1996. We received no response. On June 17, 1996, we contacted the U.S. Embassy in Tokyo, requesting the identification of Japanese producers or exporters (other than MHI) of EPGTS to the United States, and the quantity and value of subject merchandise they sold to the United States during 1994 and 1995, or the latest available comparable periods in 1993 and 1994. On June 26, 1996, we received a reply cable from the U.S. Embassy which identified several Japanese producers of subject merchandise, only one of which, Ebara Corporation, may have exported to the United States. Based on the petition and the information received from the U.S. Embassy, we issued a Section A questionnaire to MHI on July 1, 1996. We also requested U.S. sales/shipment information during the period April 1, 1995 through May 31, 1996 from Ebara Corporation on July 10, 1996. On July 22, 1996, Ebara Corporation sent a letter stating that it made no sales or shipments of the subject merchandise to the United States during the period specified by the Department. We did not send any additional questionnaires to any other producers (besides MHI), as no evidence on the record suggested that any other Japanese manufacturer sold EPGTS in the United States during the specified period.

Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2)(A) of the Act, on December 4, 1996, MHI requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until not later than 135 days after the publication of an affirmative preliminary determination in the Federal Register. In accordance with 19 CFR 353.20(b)(1995), inasmuch as our preliminary determination is affirmative, MHI accounts for a significant proportion of exports of the

subject merchandise, and we are not aware of the existence of any compelling reasons for denying this request, we are granting MHI's request and postponing the final determination. Suspension of liquidation will be extended accordingly. See *Preliminary Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled from Japan* (61 FR 8029, March 1, 1996).

Scope of Investigation

We have clarified the scope of investigation since our notice of initiation to include EPGTS used in the production of refinery products. Furthermore, we have clarified the scope to exclude repair or revamp parts and components that are not included in the original contract of sale for an EPGTS. See October 8, 1996, Decision Memorandum to Jeffrey P. Bialos from The Team Re: Scope Issues. We have also clarified the definition of "incomplete" EPGTS which are covered by the scope. See "Scope Issues" section of this notice.

The products covered by this investigation are turbo-compressor systems (*i.e.*, one or more "assemblies" or "trains") which are comprised of various configurations of process gas compressors, drivers (*i.e.*, steam turbines or motor-gear systems designed to drive such compressors), and auxiliary control systems and lubrication systems for use with such compressors and compressor drivers, whether assembled or unassembled. One or more of these turbo-compressor assemblies or trains, may be combined. The systems covered are only those used in the petrochemical and fertilizer industries, in the production of ethylene, propylene, ammonia, urea, methanol, refinery and other petrochemical products. This investigation does not encompass turbo-compressor systems incorporating gas turbine drivers, which are typically used in pipeline transmission, injection, gas processing, and liquid natural gas service.

The scope of this investigation excludes spare parts that are sold separately from a contract for an EPGTS. Parts or components imported for the revamp or repair of an existing EPGTS, or otherwise not included in the original contract of sale for the EPGTS of which they are intended to be a part, are expressly excluded from the scope.

Compressors are machines used to increase the pressure of a gas or vapor, or mixture of gases and vapors. Compressors are commonly classified as reciprocating, rotary, jet, centrifugal, or

axial (classified by the mechanical means of compressing the fluid), or as positive-displacement or dynamic-type (classified by the manner in which the mechanical elements act on the fluid to be compressed). Subject compressors include only centrifugal compressors engineered for process gas compression, *e.g.*, ammonia, urea, methanol, propylene, or ethylene service.

Turbines are classified (1) as steam or gas; (2) by mechanical arrangement as single-casing, multiple shaft, or tandem-compound (more than one casing with a single shaft); (3) by flow direction (axial or radial); (4) by steam cycle, whether condensing, non-condensing, automatic extraction, or reheat; and (5) by number of exhaust flows of a condensing unit. Steam and gas turbines are used in various applications. Only steam turbines dedicated for a turbo-compressor system are subject to this investigation.

A motor and gear box is used as a compressor driver in lieu of a steam turbine. A control system is used to monitor and control the operation of a turbo-compressor system. A lubrication system is engineered to support a subject compressor and steam turbine (or motor/gear box).

A typical EPGTS consists of one or more compressors driven by a turbine (or in some cases a motor drive). A compressor is usually installed on a base plate and the drive is installed on a separate base plate. The turbine (or motor drive) base plate will typically also include any governing or safety systems, couplings, and a gearbox, if any. The lube and oil seal systems for the turbine and compressor(s) are usually mounted on a separate skid.

The scope of this investigation covers both "assembled and unassembled" EPGTS from Japan. Because of their large size, EPGTS and their constituent parts are typically shipped partially assembled (or unassembled) to their destination where they are assembled and/or completed prior to their commissioning.

The scope of this investigation also covers "complete and incomplete" EPGTS from Japan. A "complete" EPGTS covered by the scope consists of all of the components of an EPGTS (*i.e.*, process gas compressor(s), driver(s), auxiliary control system(s) and lubrication system(s)) and their constituent parts, which are imported from Japan in assembled or unassembled form, individually or in combination, pursuant to a contract for a complete EPGTS in the United States. An "incomplete" EPGTS covered by the scope of this investigation consists of parts of an EPGTS imported from Japan

pursuant to a contract for a complete EPGTS in the United States, which taken altogether, constitute at least 50 percent of the cost of manufacture of the complete EPGTS of which they are a part.

EPGTS imported from Japan as an assembly or train (*i.e.*, including turbines, compressors, motor and gear boxes, control systems and lubrication systems, and auxiliary equipment) may be classified under Harmonized Tariff Schedule of the United States ("HTSUS") subheading 8414.80.2015, which provides for centrifugal and axial compressors. The U.S. Customs Service may view the combination of turbine driver and compressor as "more than" a compressor and, as a result, classify the combination under HTSUS subheading 8419.60.5000.

Compressors for use in EPGTS, if imported separately, may also be classified under HTSUS subheading 8414.80.2015. Parts for such compressors, including rotors or impellers and housing, are classified under HTSUS subheading 8414.90.4045 and 8414.90.4055.

Steam turbines for use in EPGTS, if imported separately, may be classified under the following HTSUS subheadings: 8406.81.1020: steam turbines, other than marine turbines, stationary, condensing type, of an output exceeding 40 MW; 8406.82.1010: steam turbines, other than marine turbines, stationary, condensing type, exceeding 7,460 Kw; 8406.82.1020: steam turbines, other than marine turbines, stationary, condensing type, exceeding 7,460 Kw, but not exceeding 40 MW; 8406.82.1050: steam turbines, other than marine turbines, stationary, other than condensing type, not exceeding 7,460 Kw; 8406.82.1070: steam turbines, other than marine turbines, stationary, other than condensing type, exceeding 7,460 Kw, but not exceeding 40 MW. Parts for such turbines are classified under HTSUS subheading 8406.90.2000 through 8406.90.4580.

Control and other auxiliary systems may be classified under HTSUS 9032.89.6030, "automatic regulating or controlling instruments and apparatus: complete process control systems."

Motor and gear box entries may be classified under HTSUS subheading 8501.53.4080, 8501.53.6000, 8501.53.8040, or 8501.53.8060. Gear speed changers used to match the speed of an electric motor to the shaft speed of a driven compressor, would be classified under HTSUS subheading 8483.40.5010.

Lubrication systems may be classified under HTSUS subheading 8414.90.4075.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Scope Issues

Subsequent to initiation, MHI requested that the Department clarify the definition of an "incomplete" EPGTS covered by the scope of the investigation. As stated above, we have preliminarily determined that an "incomplete" EPGTS covered by the scope of this investigation consists of parts of an EPGTS from Japan pursuant to a contract for a complete EPGTS in the United States, which taken altogether, constitute at least 50 percent of the cost of manufacture of the complete EPGTS of which they are a part.

Because of their large physical size, EPGTS are typically imported into the United States in either partially assembled or disassembled form, perhaps in multiple shipments over an extended period of time, and may require the addition and integration of non-subject parts prior to, or during, the installation process in the United States. The Department is concerned that, because of the great number of parts involved, there is the potential that a party may attempt to exclude its merchandise from the scope of this investigation on the basis of a lack of completion at the time of importation. The Department's concern in this case has also been expressed in past cases with similar fact patterns (e.g., *Final Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof, from Germany and Japan*, 61 FR 38166, 38139, July 23, 1996) ("*LNPPs from Germany and Japan*").

Therefore, for suspension of liquidation purposes, the Department must decide on a reasonable and administrable approach in determining what constitutes a subject incomplete EPGTS.

For purposes of this preliminary determination, we have defined a "complete" and an "incomplete" EPGTS covered by the scope of our investigation. See "Scope of Investigation" section of this notice. We have utilized this approach in the past where the nature of the merchandise and its importation lent itself to circumvention. (See *LNPPs from Germany and Japan*).

In order to determine whether the imported merchandise constitutes a subject incomplete EPGTS through performance of this cost-based test, we will have to wait until all of the parts comprising the EPGTS are imported and

the complete EPGTS is produced. Thus, we will suspend liquidation on all importations of EPGTS parts from Japan at the preliminary duty rate calculated by the Department unless a certification is provided by both the foreign manufacturer/exporter and U.S. importer that the parts to be imported, when taken altogether, constitute less than 50 percent of the cost of manufacture of the complete EPGTS of which they are a part. For entries which are accompanied by the appropriate certification, we will direct the U.S. Customs Service to suspend liquidation at a zero duty rate, subject to verification by the Department at a later date, if necessary. We will also require the interested parties to provide the following information on the documentation accompanying each entry from Japan of EPGTS parts: (1) the number of the sales contract pursuant to which the parts are imported, (2) a description of the parts included in the entry, (3) the actual cost of the imported parts, (4) the actual or estimated cost (depending on what is available at the time of importation) of the complete EPGTS, and historical cost variance (if the estimated cost is provided), (5) a schedule of parts shipments to be made pursuant to the particular EPGTS contract, if more than one shipment is relevant, and (6) a schedule of EPGTS production completion in the United States. See "Suspension of Liquidation" section of this notice.

We are presently soliciting comments from interested parties as to the merits of this approach and/or any other approach that may be relevant for suspension of liquidation purposes in the final determination. Interested party comments on this topic are due no later than February 28, 1997.

Period of Investigation (POI)

The POI is April 1, 1995 through May 31, 1996.

Product Comparisons

Although the home market was viable, in accordance with section 773 of the Act, we based normal value ("NV") on CV because we determined that the merchandise sold in the home market during the POI was not sufficiently similar to that sold in the United States to permit proper price-to-price comparisons.

Fair Value Comparisons

To determine whether MHI's sales of EPGTS to the United States were made at less than fair value, we compared Constructed Export Price ("CEP") to the NV, as described in the "Constructed

Export Price" and "Normal Value" sections of this notice.

Constructed Export Price

Pursuant to section 772 of the Act, the basis for the fair value comparison is the price at which the merchandise is first sold to an unaffiliated purchaser in the United States or for export to the United States. MHI reported its sale to a Japanese trading company on the grounds that the trading company is an unaffiliated purchaser and, at the time of sale, MHI knew that merchandise was intended for export to the United States. However, based on our examination of the sales documentation provided by MHI, which shows that MHI played an integral role in the sale to the U.S. customer, we have preliminarily determined that the Japanese trading company and its U.S. subsidiary were acting as MHI's U.S. selling agents, not as resellers, in the transaction under investigation. Therefore, the proper basis for the fair value comparison is the sale by MHI, through the Japanese trading company and its U.S. subsidiary, to the U.S. customer. Because MHI made this transaction through a U.S. agent acting on behalf of the producer, we preliminarily determine that the use of CEP is appropriate in this case.

We have preliminarily made this determination (see December 4, 1996 Concurrence Memorandum) based on the role of the parties in the sales transaction and not on the basis of the corporate relationship between the parties. However, we are also continuing to examine the nature of the relationship between MHI and the Japanese trading company within the context of section 771(33) (F) and (G) of the Act.

To determine whether sufficient control of one party over another exists pursuant to section 771(33) of the Act, the Department made inquiries on this issue in this case through the issuance of separate questionnaires to both MHI and the Japanese trading company and through a review of public source data. We collected information relevant to the various control indicia set forth in the Statement of Administrative Action ("SAA"), and plan to gather additional information as necessary to complete our analysis and to verify the data submitted. See December 4, 1996, Memorandum to Jeffrey Bialos from The Team Regarding Whether the Evidence on the Record of {this} Investigation Supports a Finding that {MHI} and {the Japanese Trading Company} Are Affiliated for Antidumping Purposes, and the Consequences of this Finding in Determining the Appropriate Basis for

U.S. Price. In this case, the Department faces complex issues involving the interpretation of the affiliation definition and the application of that definition to the facts at issue. The central issue is whether MHI and the Japanese trading company are legally or operationally in a position to exercise restraint or direction over the other or are under common control by third parties. The question of control is a particularly complex one where, as in the instant case, it may not involve direct control of one party over another, but may involve control exercised through financial entities which each have debt relationships with the two firms. Issues relevant to this determination include: how to evaluate the relative significance of debt relationships as indicia of control in the country under investigation (and whether any benchmarks are appropriate); when a close supplier relationship exists and its implication; and how to weigh the control indicia set forth in the SAA, especially if the Department finds that no single criterion is a sufficient indication of control.

Given the Department's desire to develop an appropriate analytical framework to take into account all factors which, by themselves, or in combination, may indicate affiliation in this case, we are continuing to investigate the issue for purposes of the final determination. Additionally, we solicit comments from interested parties on the issues enumerated above. Interested party comments on this topic are due no later than February 17, 1997.

In accordance with sections 772 (b) and (c) of the Act, we calculated CEP based on a packed, FOB Japanese port, duty paid price, inclusive of spare parts, to an unaffiliated customer in the United States through an unaffiliated trading company. We excluded from this price any post-POI price amendments, in accordance with our standard practice. See *LNPPs from Germany* (61 FR 38166, 38181-2, July 23, 1996). We made a deduction from the starting price for the value of the non-subject parts which were included in the U.S. sale. We also made deductions for foreign inland freight expense, foreign inland insurance, foreign brokerage and handling, and export insurance.

Pursuant to section 772(d) of the Act, we also made deductions for direct selling expenses, including imputed credit and installation-related expenses, and indirect selling expenses that related to economic activity in the United States. We imputed credit expenses for the U.S. sale using the U.S.

short-term interest rate reported for the POI because the sale was denominated in U.S. dollars. See *LNPPs from Japan and Germany and Oil Country Tubular Goods from Austria* (60 FR 33551, 33555 (1995)).

Furthermore, we also deducted an amount for the selling expenses incurred by the Japanese trading company and its U.S. subsidiary based on facts available, as actual expense data was not available. As facts available, we calculated an amount equal to the difference between the price MHI charged the Japanese trading company, and the price the Japanese trading company's U.S. subsidiary charged the U.S. customer (net of the value of the non-subject parts and post-POI price changes) as a surrogate for these expenses. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act.

Normal Value/Constructed Value

For the reasons outlined in the "Product Comparisons" section of this notice, we based NV on CV.

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of MHI's cost of materials, fabrication, selling, general, and administrative expenses ("SG&A"), and profit, plus U.S. packing costs as reported in the U.S. sales database.

In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. For selling expenses, we allocated the reported home market selling expenses over the cost of manufacture ("COM"), and applied the resulting percentage to the COM.

We relied on the respondent's CV data, except in the following specific instances wherein the reported costs were improperly valued:

1. We included the costs associated with performance tests in the COM because based on the respondent's description of the nature of these tests, they did not appear to be "special tests" specifically required by the customer that would go beyond routine quality control tests or which would not otherwise be performed on the subject merchandise during the production process.

2. We adjusted the price of production inputs purchased by MHI from affiliated parties at non-arm's-length prices.

Level of Trade (LOT)

As set forth in section 773(a)(1)(B)(i) of the Act and in the SAA at 829-831, to the extent practicable, the Department will calculate NV based on sales (or in this case CV) at the same level of trade as the U.S. sales. When the Department is unable to find sales in the comparison market at the same level of trade as the U.S. sale(s), the Department may compare sales in the U.S. and foreign markets at different levels of trade.

In its questionnaire responses, MHI did not state that there were differences in its selling activities by customer categories within each market. Therefore, in the absence of information in MHI's questionnaire responses which might lead us to reach a different conclusion, we have determined for purposes of this preliminary determination that all sales in the home market and the U.S. market were made at the same level of trade. Therefore, all fair value comparisons are at the same level of trade and no adjustment pursuant to section 773(a)(7)(A) of the Act is warranted.

Price to CV Comparisons

In comparing CEP to CV, we deducted from CV the home market direct selling expenses pursuant to section 773(a)(8) of the Act.

Currency Conversion

We made currency conversions into U.S. dollars based on the official exchange rates in effect on the date of the U.S. sale as certified by the Federal Reserve Bank. The date of sale in this case is the earliest date on which the essential terms of sale were set by the U.S. customer and MHI's sales agent, the U.S. subsidiary of the Japanese trading company. See "Constructed Export Price" section of this notice.

Section 773A(a) of the Act directs the Department to convert foreign currencies based on the dollar exchange rate in effect on the date of sale of the subject merchandise, except if it is established that a currency transaction on forward markets is directly linked to an export sale. When a company demonstrates that a sale on forward markets is directly linked to a particular export sale in order to minimize its exposure to exchange rate losses, the Department will use the rate of exchange in the forward currency sale agreement.

Section 773A(a) also directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a fluctuation. It is the

Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine a fluctuation existed, we substitute the benchmark for the daily rate, in accordance with established practice. Further, section 773A(b) directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see, *Policy Bulletin 96-1: Currency Conversions*, 61 FR 9434, March 8, 1996.) Such an adjustment period is required only when a foreign currency is appreciating against the U.S. dollar. The use of an adjustment period was not warranted in this case because the Japanese yen did not undergo a sustained movement, nor were there any currency fluctuations during the POI.

Verification

As provided in section 782(i) of the Act, we will verify all information used in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to suspend liquidation of all entries of EPGTS from Japan, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register. We are also directing the Customs Service to suspend liquidation of all entries of parts of EPGTS imported pursuant to a contract for a complete EPGTS in the United States that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register. For these entries, the Customs Service will require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the constructed export price as shown below.

The suspension of liquidation with respect to EPGTS parts will remain in effect provided that the sum of such entries represents at least 50 percent of the cost of manufacture of the complete EPGTS of which they are part. This determination will be made only after all entries of parts imported pursuant to an EPGTS contract are made and the complete EPGTS pursuant to that

contract is produced, unless a certification is provided by both the foreign manufacturer/exporter and U.S. importer that the parts to be imported, when taken altogether, constitute less than 50 percent of the cost of manufacture of the complete EPGTS of which they are a part. For those entries which are accompanied by this certification, we will direct the U.S. Customs Service to suspend liquidation at a zero duty rate, subject to verification by the Department at a later date if necessary. We will also require the interested parties to provide clearly the following information on the documentation accompanying each entry from Japan of EPGTS parts: (1) the EPGTS contract pursuant to which the parts are imported, (2) a description of the parts included in the entry, (3) the actual cost of the imported parts, (4) the actual or estimated cost (depending on what is available at the time of importation) of the complete EPGTS, and historical cost variance (if the estimated cost is provided), (5) a schedule of parts shipments to be made pursuant to a particular EPGTS contract, if more than one shipment is relevant; and (6) a schedule of EPGTS production completion in the United States.

With respect to entries of EPGTS spare and replacement/repair parts from Japan, we will instruct the Customs Service not to suspend liquidation of these entries if they are not included in the original contract of sale for the EPGTS of which they are intended to be a part.

In addition, in order to ensure that our suspension of liquidation instructions are not so broad as to cover merchandise imported for non-subject uses, foreign producers/exporters and U.S. importers shall be required to provide certification that the imported merchandise would not be used to fulfill an EPGTS contract. We will also request that these parties register with the Customs Service the EPGTS contract numbers pursuant to which subject merchandise is imported. These suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Exporter/Manufacturer	Weighted-average margin percent-age
Mitsubishi Heavy Industries, Ltd. (MHI)	34.37
All others	34.37

The All Others rate applies to all entries of subject merchandise except for entries of merchandise produced by MHI.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than March 12, 1997, and rebuttal briefs, no later than March 17, 1997. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. Such summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on March 20, 1997, time and place to be determined, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room B-099, within ten days of the publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination by 135 days after the publication of this notice in the Federal Register.

This determination is published pursuant to section 733(f) of the Act.

Dated: December 4, 1996.

Robert S. LaRussa,
Acting Assistant Secretary for Import Administration.

[FR Doc. 96-31356 Filed 12-09-96; 8:45 am]

BILLING CODE 3510-DS-P