

that the proposal is in the public interest;

*Now, Therefore*, the Board hereby orders:

The application to expand Subzone 183A is approved, subject to the Act and the Board's regulations, including Section 400.28.

Signed at Washington, DC, this 25th day of July 1997.

**Jeffrey P. Bialos,**

*Acting Assistant Secretary of Commerce for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.*

Attest:

**John J. Da Ponte, Jr.**

*Executive Secretary.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-549-813]

#### **Canned Pineapple Fruit From Thailand; Preliminary Results and Partial Termination of Antidumping Duty Administrative Review**

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

**ACTION:** Notice of preliminary results and partial termination of antidumping duty administrative review.

**SUMMARY:** In response to requests by respondents Siam Food Products Public Company Ltd. (SFP), The Thai Pineapple Public Company, Ltd. (TIPCO), and Thai Pineapple Canning Industry Corp., Ltd. (TPC), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on canned pineapple fruit (CPF) from Thailand. The review covers three manufacturers/exporters of the subject merchandise. The period of review (POR) is January 11, 1995, through June 30, 1996.

We have preliminarily found that sales of subject merchandise have been made below normal value (NV). If these preliminary results are adopted in our final results, we will instruct U.S. Customs to assess antidumping duties equal to the difference between the export price (EP) or constructed export price (CEP) and NV.

Interested parties are invited to comment on these preliminary results. Parties who submit case briefs in this proceeding should provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited.

**EFFECTIVE DATE:** August 7, 1997.

#### **FOR FURTHER INFORMATION CONTACT:**

Gabriel Adler, at (202) 482-1442, or Kris Campbell, at (202) 482-3813; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, Washington, DC. 20230.

#### **SUPPLEMENTARY INFORMATION:**

##### **The Applicable Statute and Regulations**

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations refer to the regulations, codified at 19 CFR part 353, as they existed on April 1, 1997.

##### **Background**

On July 18, 1995, the Department published in the **Federal Register** an antidumping duty order on canned pineapple fruit from Thailand. See 60 FR 36775. On July 8, 1996, the Department published a notice providing an opportunity to request an administrative review of this antidumping duty order for the period January 11, 1995, through June 30, 1996. See 61 FR 35712. On July 31, 1996, we received timely requests for review from the following respondents: SFP; TIPCO; TPC; Dole Food Company, Inc., Dole Packaged Foods Company, and Dole Thailand, Ltd. (collectively referred to hereafter as "Dole"); Thai Bonanza International Corp., Ltd. (Thai Bonanza); and Vita Food Factory (Vita Food). On September 5, 1996, we issued an antidumping questionnaire to the six companies that had requested a review.

Thai Bonanza and Vita Food withdrew their requests for review on September 9, 1996, and Dole withdrew its request for review on November 7, 1996. Because there were no other requests for review of these companies from any other interested parties, and because the letters withdrawing the requests for review were timely filed, we are terminating the review with respect to these companies in accordance with 19 CFR 353.22(a)(5).

On December 12, 1996, Maui Pineapple, Ltd. (the petitioner) alleged that SFP and TPC had each sold the foreign like product at prices below their respective cost of production (COP). On January 13, 1997, we initiated a sales-below-cost investigation with respect to these two companies. We also initiated a COP investigation of sales by TIPCO because we disregarded sales

below the COP in the last completed segment of the proceeding for this company. See "Cost of Production Analysis" below.

On January 29, 1997, we published a notice of postponement of the preliminary results. See 62 FR 4250.

##### **Scope of Review**

The product covered by this review is canned pineapple fruit. For purposes of this review, CPF is defined as pineapple processed and/or prepared into various product forms, including rings, pieces, chunks, tidbits, and crushed pineapple, that is packed and cooked in metal cans with either pineapple juice or sugar syrup added. CPF is currently classifiable under subheadings 2008.20.0010 and 2008.20.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). HTSUS 2008.20.0010 covers CPF packed in a sugar-based syrup; HTSUS 2008.20.0090 covers CPF packed without added sugar (*i.e.*, juice-packed). Although these HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope is dispositive.

##### **Verification**

As provided in section 782(i) of the Act, we verified sales and cost information provided by all three respondents. We used standard verification procedures, including on-site inspection of the manufacturer's facilities and examination of relevant sales and financial records. Our verification results are outlined in the verification reports placed in the case file.

##### **Export Price and Constructed Export Price**

For the price to the United States, we used EP or CEP as defined in sections 772(a) and 772(b) of the Act, as appropriate.

##### **TPC**

In accordance with sections 772 (a) and (c) of the Act, we calculated an EP for sales where the merchandise was sold directly by TPC to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of record. In accordance with sections 772 (b), (c) and (d) of the Act, we calculated a CEP for sales that took place after importation into the United States and for which U.S. sales activities, including the setting of prices, took place in the United States through affiliated U.S. resellers. EP and CEP were based on the packed FOB, CIF, or delivered price to unaffiliated

purchasers in, or for exportation to, the United States. As appropriate, we made deductions for discounts and rebates, including early payment discounts, promotional allowances, freight allowances, and billback discounts and rebates. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act; these included inland freight from plant to port of exportation, foreign brokerage and handling, other miscellaneous foreign port charges, international freight, marine insurance, U.S. customs brokerage, U.S. customs duty, harbor maintenance fees, merchandise processing fee, and U.S. inland freight expenses (freight from port to warehouse and freight from warehouse to the customer).

In accordance with section 772(d)(1) of the Act, we deducted from CEP selling expenses associated with economic activities occurring in the United States, including commissions, direct selling expenses (credit costs, introduction allowances, and warranty expenses), and indirect selling expenses (incurred by TPC in Thailand and by TPC's affiliated reseller in the United States). We increased the reported indirect selling expenses for sales through TPC's affiliated U.S. reseller to account for unreported expenses found at verification. We also deducted from CEP an amount for profit in accordance with section 772(d)(3) of the Act.

No other adjustments to EP or CEP were claimed or allowed.

We relied on the date of contract as the date of sale for all of TPC's EP sales. The preamble to the Department's post-URAA regulations states that while the Department will normally rely on the date of invoice as the date of sale (*i.e.*, the date on which the material terms of sale are established), the Department will use another date if the material terms of sale are finally established on that alternative date. See 62 FR 27296, 27349 (May 19, 1997). While these regulations do not govern the instant review, they do describe the Department's current practice with respect to date of sale. See *id.* at 27378. The terms of all of TPC's EP sales during the POR were set by contract, and there were virtually no changes to the contracted terms of these sales. (Out of hundreds of sales, there was only a single instance of changes to the terms of the contracts.) Therefore, for these sales, we have found that the date of contract provides a more appropriate basis for date of sale than the date of invoice. As for TPC's CEP sales, these are made from inventory within a few days of receipt of purchase order. Although at verification we found that

the terms of CEP sales almost never change from those shown on the purchase order, we also found that purchase orders were received in a variety of different formats, and that the dates of purchase order were not systematically recorded. Therefore, for TPC's CEP sales we have based the date of sale on the date of the invoice issued by TPC's affiliated resellers.

#### TIPCO

In accordance with sections 772 (a) and (c) of the Act, we calculated an EP for all of TIPCO's sales, since the merchandise was sold either directly by TIPCO or indirectly through its U.S. affiliate, TIPCO Marketing Co. (TMC), to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of record. Sales through TMC involved direct shipment from TIPCO to the unaffiliated customer, without any merchandise entering TMC's physical inventory; further, TMC's involvement in the sales process for indirect sales was limited to that of a processor of sales documentation and did not extend in any way to negotiation of sales terms or other selling functions. We calculated EP based on the packed FOB or CIF price to unaffiliated purchasers for exportation to the United States. We made deductions from EP for rebates. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act; these included foreign movement expenses (brokerage and handling, port charges, liner expenses, stuffing expenses, and inland freight), international freight, U.S. customs duties, and U.S. brokerage and handling.

No other adjustments to EP were claimed or allowed.

For all sales by TIPCO, the material terms of sale were initially set on the date of purchase order but were frequently modified up to the date of invoice. Therefore, in accordance with the date of sale methodology described above, we have relied on the date of invoice as the date of sale.

The merchandise involved in certain U.S. sales reported by TIPCO was produced by unaffiliated suppliers. We did not include in our analysis sales of merchandise produced by one such supplier because we determined that this supplier had knowledge that the merchandise was destined for export to the United States. See *Memorandum from Case Analysts to Office Director: Verification of Sales by the Thai Pineapple Public Co., Ltd.*, July 30, 1997, at 5-6. We included TIPCO's other U.S. sales involving merchandise produced by unaffiliated suppliers in

our analysis because we determined that these suppliers did not have knowledge of exportation to the United States. *Id.* We compared these U.S. sales to the constructed value (CV) of identical merchandise produced by TIPCO, as facts available, because: (1) There were no appropriate third-country matches involving merchandise produced by the same suppliers and (2) TIPCO did not provide information regarding these suppliers' production costs.

#### SFP

In accordance with sections 772 (a) and (c) of the Act, we calculated an EP for all of SFP's sales, since the merchandise was sold directly by SFP to the first unaffiliated purchaser in the United States prior to importation, and a CEP was not otherwise warranted based on the facts of record. We made deductions from EP for discounts. We also made deductions for foreign inland movement expenses in accordance with section 772(c)(2)(A) of the Act.

No other adjustments to EP were claimed or allowed.

For all sales by SFP, the material terms of sale were initially set on the date of purchase order but were frequently modified up to the date of invoice. Therefore, in accordance with the date of sale methodology described above, we have relied on the date of invoice as the date of sale.

#### Normal Value

Based on a comparison of the aggregate quantity of home market and U.S. sales, we determined that the quantity of foreign like product each respondent sold in the exporting country did not permit a proper comparison with the sales of the subject merchandise to the United States pursuant to section 773(a)(1)(B)(ii)(II) of the Act, because the quantity of each company's sales in its home market was less than five percent of the quantity of its sales to the U.S. market. In accordance with section 773(a)(1)(C) of the Act, and consistent with our practice, we therefore based NV on the prices at which the foreign like products were first sold for consumption in each respondent's largest third-country market, *i.e.*, the United Kingdom for SFP, and Germany for TIPCO and TPC. See Memoranda from the team to Richard Moreland, dated February 24, 1997, regarding the selection of third-country market for each respondent.

#### TPC

Third-country market prices were based on the packed, ex-factory or delivered prices to unaffiliated purchasers in Germany. We made

adjustments for differences in packing in accordance with section 773(a)(6)(A) of the Act. We also made adjustments for movement expenses consistent with section 773(a)(6)(B) of the Act; these included inland freight from plant to port of exportation, foreign brokerage and handling, other miscellaneous foreign port charges, and international freight. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act, as well as for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 353.56. For comparison to EP, we made COS adjustments by deducting direct selling expenses incurred for third-country market sales (credit expenses, letter of credit charges, and bank charges) and adding U.S. direct selling expenses (credit expenses, letter of credit charges, bank charges, and warranties). For comparisons to CEP, we made COS adjustments by deducting direct selling expenses incurred on third-country market sales and adding U.S. direct selling expenses other than those deducted from the starting price in calculating CEP pursuant to section 772(d) of the Act (*i.e.*, we added expenses for letters of credit and bank charges incurred by TPC in Thailand). We also made adjustments, where applicable, for indirect selling expenses incurred on third-country sales to offset commissions in EP and CEP calculations; specifically, we deducted from normal value the lesser of (1) the amount of commission paid on a U.S. sale for a particular product, or (2) the amount of indirect selling expenses incurred on the third-country market sales for a particular product.

No other adjustments to NV were claimed (except for a CEP offset; see "Level of Trade" section below), or allowed.

We relied on the date of contract as the date of sale for all of TPC's third country sales. As discussed in the "Export Price and Constructed Export Price" section above, while the Department will normally rely on the date of invoice as the date of sale, the Department will use another date if the material terms of sale are finally established on that alternative date. The terms of all of TPC's third-country sales during the POR were set by contract, and there were virtually no changes to the contracted terms of these sales. (Out of hundreds of sales, there were only three instances of changes to the terms of the contracts.) Therefore, for these sales, we have found that the date of

contract provides a more appropriate basis for date of sale than the date of invoice.

#### *TIPCO*

Third-country market prices were based on the packed, ex-factory or delivered prices to unaffiliated purchasers in Germany. We made adjustments for differences in packing in accordance with section 773(a)(6)(A) of the Act. We also made adjustments for movement expenses consistent with section 773(a)(6)(B) of the Act; these included foreign movement expenses (brokerage and handling, port charges, liner expenses, stuffing expenses, and inland freight), and international freight. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act, as well as for differences in COS in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 353.56. We made COS adjustments by deducting direct selling expenses incurred for third-country market sales (credit expenses and bank charges) and adding U.S. direct selling expenses (credit expenses, bank charges, and warranties). We also made adjustments, where applicable, for indirect selling expenses incurred on third-country sales to offset U.S. commissions in EP calculations; specifically, we deducted from normal value the lesser of (1) the amount of commission paid on a U.S. sale for a particular product, or (2) the amount of indirect selling expenses incurred on the third-country market sales for a particular product.

No other adjustments to NV were claimed or allowed.

For all sales by TIPCO, the material terms of sale were initially set on the date of purchase order but were frequently modified up to the date of invoice. Therefore, in accordance with the date of sale methodology described above, we have relied on the date of invoice as the date of sale.

#### *SFP*

Third-country market prices were based on the packed, ex-factory or delivered prices to unaffiliated purchasers in the United Kingdom. We made adjustments for differences in packing in accordance with section 773(a)(6)(A) of the Act. We also made adjustments for foreign movement expenses consistent with section 773(a)(6)(B) of the Act. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of

the Act, as well as for differences in COS in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 353.56. We made COS adjustments by deducting direct selling expenses incurred for third-country market sales (credit expenses and bank charges) and adding U.S. direct selling expenses (credit expenses, bank charges, and warranties). We also made adjustments, where applicable, for indirect selling expenses incurred on third-country sales to offset U.S. commissions on EP sales; specifically, we deducted from normal value the lesser of (1) the amount of commission paid on a U.S. sale for a particular product, or (2) the amount of indirect selling expenses incurred on the third-country market sales for a particular product.

No other adjustments to NV were claimed or allowed.

For all sales by SFP, the material terms of sale were initially set on the date of purchase order but were frequently modified up to the date of invoice. Therefore, in accordance with the date of sale methodology described above, we have relied on the date of invoice as the date of sale.

#### **Level of Trade/CEP Offset**

As set forth in section 773(a)(1)(B)(i) of the Act and in the Statement of Administrative Action (SAA) accompanying the URAA at 829-831, to the extent practicable, the Department will calculate NV based on sales at the same level of trade as the U.S. sales. When the Department is unable to find sales of the foreign like product in the comparison market at the same level of trade as the U.S. sale, the Department may compare the U.S. sale to sales at a different level of trade in the comparison market.

When CEP sales have been made in the United States, as is the situation in TPC's case, section 773(a)(7)(B) of the Act establishes that a CEP "offset" may be made provided that two conditions exist: (1) NV is established at a level of trade that is at a more advanced stage of distribution than the level of trade of the CEP; and (2) the data available do not permit a determination that there is a pattern of consistent price differences between sales at different levels of trade in the comparison market.

Our practice is to determine that sales are made at different levels of trade if they are made at different marketing stages (or their equivalent). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stage of marketing. See *Notice of Final Results: Antidumping Duty Administrative Review of Antifriction*

*Bearings from France et al.*, 62 FR 2081, 2105 (January 15, 1997). See also 19 CFR 351.412 of the Department's revised regulations (62 FR 27296, 27414-27415 (May 19, 1997)) for a concise description of this practice.

In implementing these principles in this review, we obtained information from each respondent about the marketing stage involved in the reported U.S. and third-country market sales and a description of the selling activities performed by the respondents for each channel of distribution. Pursuant to section 773(a)(1)(B)(i) of the Act and the SAA at 827, in identifying levels of trade for EP and third-country market sales we considered the selling functions reflected in the starting price before any adjustments. For CEP sales, we considered only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. We expect that, if claimed levels of trade are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that levels of trade are different for different groups of sales, the functions and activities of the seller should be dissimilar.

#### TPC

During the POR, TPC made sales through different channels of distribution in the U.S. and German markets. In the United States, TPC made both direct sales to unaffiliated customers and sales through affiliated U.S. resellers Mitsubishi International Corporation (MIC) and MC Foods, Inc. (MFI). In Germany, TPC made both direct sales and indirect sales through an affiliated reseller in the Netherlands, Princes Foods B.V. (Princes).

We compared the selling activities performed by TPC for EP sales to the activities performed by TPC and MIC/MFI for CEP sales (after excluding those selling activities related to the expenses deducted under section 772(d) of the Act), and found them to be both limited in scope and essentially identical. The functions that TPC performed on both direct and indirect sales were limited to negotiation of prices, processing of purchase orders, and invoicing. Therefore, we have preliminarily found that there is a single level of trade in the United States for both EP and CEP sales. Similarly, we compared the selling functions and activities performed by TPC for direct sales to Germany to the functions and activities performed by TPC and Princes for indirect sales to Germany. These activities were also limited to negotiating prices with German customers, invoicing those customers, and making limited sales

calls. In essence, the only difference in selling activity between TPC's direct and indirect sales to Germany is that indirect sales involved the issuance of an additional invoice among affiliated parties, and this difference does not establish a significantly more advanced marketing stage. Therefore, we have considered TPC's direct and indirect sales to Germany as being at a single level of trade.

Because the selling functions performed for TPC's sales in the two markets are essentially the same, irrespective of channel of distribution, we find that all of TPC's sales were made at a single level of trade. Therefore, no level of trade adjustment or CEP offset is warranted in the calculation of TPC's antidumping margin.

#### SFP and TIPCO

In this review, SFP and TIPCO claimed that all of their sales were made at a similar channel of distribution (direct sales to customers in export markets), and involved identical selling functions, irrespective of market. In examining these selling functions, we found that sales activities were indeed limited to negotiation of prices, processing of purchase orders/contracts, invoicing, and collection of payment; there was little or no strategic and economic planning, advertising or sales promotion, technical services, technical assistance, or after-sale service performed in either market. Therefore, for these two respondents we have preliminarily found that there is a single (and identical) level of trade in both markets, and no level of trade adjustment is required for comparison of U.S. sales to third-country sales.

#### Cost of Production Analysis

As stated above, based on timely allegations filed by the petitioner, the Department initiated cost of production (COP) investigations of SFP and TPC to determine whether sales were made at prices below the COP. See Memorandum from the team to Barbara Stafford, dated January 10, 1997.

Because we disregarded sales below the COP in the last completed segment of the proceeding for TIPCO (*i.e.*, the less-than-fair-value investigation), we had reasonable grounds to believe or suspect that sales of the foreign product under consideration for the determination of NV in this review may have been made at prices below the COP, as provided by section 773(b)(2)(A)(ii) of the Act. Therefore, pursuant to section 773(b)(1) of the Act, we initiated a COP investigation of sales

by TIPCO in the third-country comparison market.

We conducted the COP analysis described below.

#### A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP, by model, based on the sum of the cost of materials, fabrication and general expenses, and packing costs. We relied on the submitted COPs, except in the following specific instances where the submitted costs were not appropriately quantified or valued.

#### General—Fruit Cost Allocation

The Department's long-standing practice, now codified at section 773(f)(1)(A) of the Act, is to rely on a company's normal books and records if such records are in accordance with home country generally accepted accounting principles (GAAP) and reasonably reflect the costs associated with production of the merchandise. In addition, as the statute indicates, the Department considers whether an accounting methodology, particularly an allocation methodology, has been historically used by the company. See section 773 (f)(1)(A) of the Act.

During the POR, TIPCO, SFP and TPC abandoned their historical fruit cost allocation methodology. We reviewed each of the newly adopted fruit cost allocation methodologies, and found that all three were based on the relative weight of the fruit contained in the CPF produced. As discussed in the final determination in the underlying investigation (*see Final Determination of Sales at Less Than Fair Value: Canned Pineapple Fruit From Thailand*, 60 FR 29553, 29561 (June 5, 1995)), allocating fresh pineapple fruit costs to various pineapple products solely on the basis of weight (*i.e.*, a quantitative factor) is inappropriate. Cores and shells are used in juice production, while trimmed and cored pineapple cylinders are used in CPF production. Because these various parts of a pineapple are not interchangeable when it comes to CPF versus juice production, it would be unreasonable to value all parts of the pineapple equally by using a weight-based allocation methodology. The revised fruit cost allocation methodologies which each company changed to during the POR were weight-based and did not incorporate any measure of the qualitative factor of the different parts of the pineapple. As a result, such methodologies, although in conformity with Thai GAAP, do not reasonably reflect the costs associated with production of CPF.

Therefore, for each company, we recalculated the fruit cost allocated to CPF based on a net realizable value (NRV) methodology. As described in the final determination of the underlying investigation, this NRV methodology reasonably reflects costs associated with CPF production. See *id.* at 29560. The NRV methodology was based on company-specific historical amounts for sales and separable costs during the five-year period of 1990 through 1994.

In addition to the revised fruit cost allocation described above, we made the following company-specific adjustments to the submitted costs.

#### TIPCO

1. We revised packing medium cost for juice packed products and the can costs to reflect corrections obtained at verification. See Cost Verification Report from William H. Jones to Christian B. Marsh, dated July 3, 1997.

2. We adjusted certain costs incurred prior to the split-off point which were improperly allocated.

3. We revised TIPCO's general and administrative (G&A) expenses to exclude foreign exchange gains generated by accounts receivable.

4. We revised TIPCO's financial expenses using its consolidated financial expenses.

#### SFP

1. We revised the total pineapple fruit costs to include year-end adjustments for physical inventory, plantation costs, and skin and core revenues. See Cost Verification Report from William H. Jones to Christian B. Marsh, dated July 3, 1997 (SFP cost verification report).

2. We revised the costs of cans, sugar, labor, overhead and packing to reflect corrections obtained at verification. See SFP cost verification report.

3. We revised SFP's G&A rate to reflect the expenses incurred during the fiscal year ended September 30, 1995.

4. We revised SFP's net financial expense to reflect expenses and short-term interest income for the fiscal year ended September 30, 1995.

#### TPC

1. We revised the can and packing material cost to reflect corrections obtained at verification. See Cost Verification Report from Theresa L. Caherty to Christian B. Marsh, dated July 2, 1997 (TPC cost verification report).

2. We revised the packing costs to include fixed packing costs and to correct errors found at verification. See TPC cost verification report.

3. We calculated a single weighted-average cost for products with identical physical characteristics.

4. We recalculated TPC's financial expense rate to include interest expenses incurred to include net foreign exchange losses from loans, investments and operations; and to include short-term interest revenue.

#### B. Test of Third-Country Comparison Market Sales Prices

We compared the adjusted weighted-average COP for each respondent to the third-country comparison market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a product-specific basis, we compared the revised COP to the third-country comparison market prices, less any applicable movement charges, taxes, rebates, commissions and other direct and indirect selling expenses.

#### C. Results of the COP Test

Pursuant to section 773(b)(2)(C), where less than 20 percent of a respondent's sales of a given product were made at prices below the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product were made at prices below the COP, we disregarded the below-cost sales because such sales were found to be made within an extended period of time in "substantial quantities" in accordance with sections 773(b)(2)(B) and (C) of the Act, and based on comparisons of price to weighted-average COPs for the POR we determined that the below-cost sales of the product were at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Where all contemporaneous sales of a specific product were made at prices below the COP, we calculated NV based on CV, in accordance with section 773(a)(4) of the Act.

We found that, for certain CPF products, TIPCO, SFP and TPC made third-country comparison market sales at below COP prices within an extended period of time in substantial quantities. Further, we found that these sales prices did not permit the recovery of costs within a reasonable period of time. We therefore excluded these sales from our analysis in accordance with section 773(b)(1) of the Act.

#### Constructed Value

For those CPF products for which we could not determine the NV based on comparison market sales either because (1) there were no contemporaneous sales of a comparable product or (2) all contemporaneous sales of the comparison product failed the COP test, we compared export prices to CV. In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the COM of the product sold in the United States, plus amounts for general expenses, third-country comparison market profit and U.S. packing costs. We calculated each respondent's CV based on the methodology described in the "Calculation of COP" section of this notice, above. In accordance with section 773(e)(2)(A), we used the actual amounts incurred and realized by TIPCO, SFP and TPC in connection with the production and sale of the foreign like product, in the ordinary course of trade, for consumption in the foreign country to calculate general expenses and third-country comparison market profit.

For price-to-CV comparisons, we made adjustments to CV in accordance with section 773(a)(8) of the Act and 19 CFR 353.56 for COS differences. For comparisons to EP, we made COS adjustments by deducting direct selling expenses incurred on third-country market sales and adding U.S. direct selling expenses. For comparisons to CEP, we made COS adjustments by deducting direct selling expenses incurred on third-country market sales and adding U.S. direct selling expenses except those deducted from the starting price in calculating CEP pursuant to section 772(d) of the Act (*i.e.*, we added letter of credit expenses and bank charges). We also made adjustments, where applicable, for indirect selling expenses incurred on third-country market sales to offset U.S. commissions in EP and CEP comparisons; specifically, we deducted from normal value the lesser of (1) the amount of commission paid on a U.S. sale for a particular product, or (2) the amount of indirect selling expenses incurred on the third-country market sales for a particular product.

#### Currency Conversion

For purposes of the preliminary results, we made currency conversions based on the official exchange rates published by the Federal Reserve, in effect on the dates of the U.S. sales. Section 773A(a) of the Act 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." In accordance with the Department's practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine that a fluctuation exists, we substitute the benchmark for the daily rate. However, for the preliminary results in this review we have determined that a fluctuation did not exist during the POR, and we have not substituted the benchmark for the daily rate.

### Preliminary Results of Review

As a result of this review, we preliminarily determine that the following margin exists for the period January 11, 1995, through June 30, 1996:

Manufacturer/exporter	Margin (percent)
Siam Food Products Public Company Ltd .....	13.25
The Thai Pineapple Public Company, Ltd .....	33.06
Thai Pineapple Canning Industry Corp., Ltd .....	6.54

Parties to the proceeding may request disclosure within five days of the date of publication of this notice. Any interested party may request a hearing within ten days of publication. If requested, a hearing will be held 44 days after the publication of this notice, or the first workday thereafter.

Interested parties may submit case briefs within 30 days of the date of publication of this notice. Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication. The Department will issue a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such briefs, within 120 days from the publication of these preliminary results.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. The Department will issue appraisal instructions directly to the Customs Service. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties. For duty assessment purposes, we calculated, on an importer-specific basis, an assessment rate by aggregating the dumping margins calculated for all U.S. sales and dividing this amount by the total entered value of subject merchandise sold during the

POR. This rate will be used for the assessment of antidumping duties on the relevant entries of subject merchandise during the POR. Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of canned pineapple fruit from Thailand entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for SFP, TIPCO, and TPC will be the rate established in the final results of this administrative review; (2) if the exporter is not a firm covered in this review or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (3) if neither the exporter nor the manufacturer is a firm covered in this review, the cash deposit rate will be 24.64 percent, the "all others" rate established in the less-than-fair-value investigation. See 60 FR 36775, 36776 (July 18, 1995).

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

This administrative review and notice are in accordance with sections 751(a)(1) and 751(d) of the Act (19 U.S.C. 1675(a)(1)), 19 CFR 353.22, and 19 CFR 353.25.

Dated: July 31, 1997.

**Robert S. LaRussa,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. 97-20733 Filed 8-6-97; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-821-807]

### Ferrovanadium and Nitrided Vanadium From the Russian Federation: Notice of Preliminary Results and Partial Recission of Antidumping Duty Administrative Review

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

**ACTION:** Notice of Preliminary Results and Partial Recission of Antidumping Duty Administrative Review.

**SUMMARY:** In response to a request from Shieldalloy Metallurgical Corporation (Shieldalloy), the petitioner, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on ferrovanadium and nitrided vanadium from the Russian Federation (Russia). This notice of preliminary results covers the period January 4, 1995, through June 30, 1996. The Department is now rescinding this review in part with respect to one exporter, Odermet, Ltd., who had no shipments of the subject merchandise during the period of review. For the second exporter, Galt Alloys, Inc. (Galt), the review indicates the existence of dumping margins during this period for sales of merchandise from one producer.

We have preliminarily determined that sales have been made below normal value (NV). If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service (Customs) to assess antidumping duties equal to the difference between the export price (EP) and the NV. Interested parties are invited to comment on these preliminary results. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue; and (2) a brief summary of the argument.

**EFFECTIVE DATE:** August 7, 1997.

**FOR FURTHER INFORMATION CONTACT:** David J. Goldberger or Mary Jenkins, AD/CVD Enforcement II, Office 5, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-4136 or (202) 482-1756, respectively.

### SUPPLEMENTARY INFORMATION:

#### 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 Rounds Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations as codified at 19 CFR part 353 (April 1, 1997).

#### Background

The Department published an antidumping duty order on