result of the withdrawal of the request for administrative review by the importer.

EFFECTIVE DATE: November 17, 1997.

FOR FURTHER INFORMATION CONTACT: Todd Peterson or Thomas Futtner, Office of AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–4195 or (202) 482–3814.

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 are to the regulations codified at 19 CFR Part 353 (April 1, 1997).

SUPPLEMENTARY INFORMATION:

Background

The Department of Commerce (the Department) published an antidumping duty finding on melamine from Japan on February 2, 1977 (42 FR 6866). On February 3, 1997, the Department published in the **Federal Register** a notice of ''Opportunity to Request an Administrative Review'' of the antidumping duty finding on melamine from Japan (62 FR 4978). On February 7, 1997, an importer, Taiyo America, Inc., requested an administrative review of two producers/exporters of the subject merchandise to the United States. In accordance with 19 CFR 353.22(c), we initiated the review on March 18, 1997 (62 FR 12793) covering the period of February 1, 1996 through January 31, 1997. On September 2, 1997, the importer withdrew its request for administrative review.

Termination of Review

Pursuant to 19 CFR 353.22(a)(5) of the Department's regulations, the Department may allow a party that requests an administrative review to withdraw such request not later than 90 days after the date of publication of the notice of initiation of the administrative review. The Department may extend this time limit if the Department decides it is reasonable to do so.

This request for withdrawal was made early in the review process and there were no requests for review from other interested parties. Therefore, the Department is terminating this review.

This notice is in accordance with section 353.22(a)(5) of the Department's regulations (19 CFR 353.22(a)(5)).

This notice serves as a reminder to parties subject to administrative protective orders (APOs) of their responsibility concerning disposition of proprietary information disclosed under APO in accordance with § 353.34(d) of the Department's regulations. Timely written notification of the return or 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.

Dated: October 30, 1997.

Richard W. Moreland,

Acting Deputy Assistant Secretary, Group II Import Administration.

[FR Doc. 97–30145 Filed 11–14–97; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–429–601]

Final Results of Antidumping Duty Administrative Review of Solid Urea From the Former German Democratic Republic

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

ACTION: Notice of final results of antidumping duty administrative review

SUMMARY: On July 8, 1997, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on solid urea from the Former German Democratic Republic (GDR). The review covers one manufacturer/exporter, SKW Stickstoffwerke Piesteritz GmbH (SKWP), and the period July 1, 1995 through June 30, 1996. We gave interested parties an opportunity to comment on our preliminary results.

EFFECTIVE DATE: November 17, 1997.

FOR FURTHER INFORMATION CONTACT: Nithya Nagarajan or Steven Presing, Office VII, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone (202) 482–3793.

SUPPLEMENTARY INFORMATION:

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 indicated, all citations to the Department's regulations are to the regulations, as codified at 19 C.F.R. part 353 (1996).

Background

On July 8, 1996, the Department published in the **Federal Register** (61 FR 35712) a notice of ''Opportunity to Request Administrative Review'' for the July 1, 1995 through June 30, 1996, period of review (POR) of the antidumping duty order on solid urea from the former GDR. In accordance with 19 CFR 353.22, the Ad Hoc Committee of Domestic Nitrogen Producers (petitioners) requested a review for the aforementioned period. On August 15, 1996, the Department published a notice of initiation of antidumping review (61 FR 42416, 42417). The Department is conducting a review of this respondent pursuant to section 751 of the Act.

On July 8, 1997, the Department published the preliminary results of review (62 FR 36492). The Department has now completed the review in accordance with section 751 of the Act.

Scope of Review

Imports covered by this review are those of solid urea. At the time of the publication of the antidumping duty order, such merchandise was classifiable under item 480.30 of the Tariff Schedules of the United States Annotated (TSUSA). This merchandise is currently classified under the Harmonized Tariff Schedule of the United States (HTS) item number 3102.10.00. These TSUSA and HTS item numbers are provided for convenience and Customs purposes only. The Department's written description of the scope remains dispositive for purposes of the order.

Analysis of Comments Received

Comment 1: Affiliation. Petitioners argue that the Department must adjust SKWP's cost of production to reflect an appropriate amount for depreciation of production equipment transferred to SKWP by Stickstoffwerke AG Wittenberg-Piesteritz (STAG). Petitioners contend that STAG is under the ''control'' of SKWP and that in accordance with section 771(33) of the Act, the Department must find SKWP and STAG to be ''affiliated'' persons. According to petitioners, the Department is required by sections 773(f)(2) and (3) of the Act to disregard STAG's ''transfer'' price to SKWP of the production equipment and substitute, in

its place, the higher of market value or cost.

Respondent insists that there is no evidence of affiliation between SKWP and STAG. Respondent maintains that the production equipment was purchased at a market price and that the Department verified SKWP's reported depreciation expense. Respondent adds that the purchase transaction between SKWP and STAG was scrutinized by the German government and independent auditors, and found to be properly valued through arm's-length negotiations.

Department's Position: We disagree with petitioners' contention that the purchase of the production equipment was a transaction between affiliated persons. Consequently, for the final results of this review, we have not adjusted SKWP's reported depreciation expense pursuant to sections 773(f)(2) and (3) of the Act.

In 1993, SKWP and STAG concluded an agreement whereby SKWP purchased certain assets from STAG. These assets consisted largely of the accounts receivable, inventories, and production equipment from a nitrogen production facility owned by STAG. As part of this contractual arrangement, SKWP also assumed responsibility for certain debts and other obligations of STAG's nitrogen facility, including accounts payable and costs associated with old, environmentally hazardous sites formerly owned by STAG. In accordance with German generally accepted accounting principles (GAAP), the total purchase price paid by SKWP determined the cost of the assets acquired by the company. Because the degree of convertibility to cash was taken into consideration in allocating the purchase price, much of that price was allocated to accounts receivable and other liquid assets with very little of the price allocated to the capital equipment acquired in the transaction.

In addition to the nitrogen facilities, SKWP also acquired from STAG as part of the purchase transaction, a five percent interest in VCE Vertriebsgesellschaft fur Chemische Erzeugnisse Piesteritz GmbH (VCE), a distributor of STAG's (now SKWP's) urea products. STAG continued to hold the remaining 95 percent of VCE's shares. At the same time, SKWP and STAG entered into a five-year agreement under which VCE became the exclusive distributor of SKWP's urea products and each company agreed to share in the profits or losses of VCE in accordance with their respective interests in the distributor. As part of this contractual arrangement, STAG also agreed that SKWP would assume complete operational control over VCE, providing all management and sales personnel as well as accounting, management and support staff. Further, SKWP assumed absolute control over all pricing and production decisions at VCE. Thus, STAG has, by contract, given up whatever control over VCE it would otherwise have by virtue of its ownership interest.

Petitioners cite, as evidence of affiliation between SKWP and STAG, the profit and loss sharing arrangement and SKWP's operational control over VCE. Indeed, petitioners assert, ''STAG is wholly 'reliant' upon SKWP for income (through VCE), and STAG's pricing of assets sold to SKWP have affected the cost of the subject merchandise, as well as future income, to STAG.''

For the following reasons, we cannot agree with petitioners. First, the temporary profit and loss agreement between SKWP and STAG is part of a larger asset purchase arrangement between two companies. It is part of the consideration that STAG received from SKWP for the assets. Therefore, as discussed in greater detail in response to Comment 2, below, we consider any profits accruing to STAG under the agreement to be part of the arm's-length purchase price paid by SKWP for the assets it acquired.

Second, petitioners do not allege (and nothing in the record suggests) that SKWP and STAG were affiliated at the time of the sale of the assets. STAG may be dependent upon SKWP to act in good faith and to pay whatever additional monies are owed for the assets, but that does not mean STAG and SKWP are ''affiliated'' within the meaning of the statute. STAG did not have to sell its equipment and other assets to SKWP. SKWP was not in a position to dictate the terms of the sale. Rather, each company was pursuing its own economic interests and those interests were in no way mutual. STAG's interest was to obtain the highest price possible for its assets at the time of the sale. Of its own choosing, it accepted an initial payment and the potential of additional payments over a five-year period. Nothing about this transaction put SKWP in a position to ''legally or operationally * * * exercise restraint or direction'' over STAG when it came to the price paid for the production equipment.

Third, there is no evidence on the record to suggest, as petitioners contend, that STAG would understate the value of the capital equipment that it sold SKWP in the hopes that SKWP, which controls the price and volume of urea products sold through VCE, would obtain greater profits on sales made by VCE. In fact, contrary to petitioners' assertions, STAG's pricing of the assets sold to SKWP does not affect directly the level of VCE's profits since VCE's costs (and thus its' profits) are determined based on the price SKWP charges VCE for urea and not on SKWP's production costs.

Petitioners also rely on two other points to advance their argument that SKWP and STAG are affiliated persons. First, petitioners note that VCE's financial results are consolidated with those of SKWP. According to petitioners, this would only be possible if STAG's 95 percent interest was indistinguishable from SKWP's interest. Second, petitioners consider STAG's agreement to absorb certain personnel costs associated with the purchase of its assets to be an indication of affiliation between STAG and SKWP.

In response to the first point, the consolidation of financial statements is done for accounting purposes when a parent company controls the operations of a subsidiary entity. In the present case, the consolidation of VCE's financial statements into SKWP's is merely an indication that SKWP controls VCE, not that SKWP controls STAG (or that both companies control VCE). As explained above, STAG contracted away its right to control VCE as part of the five-year distribution agreement.

In response to the second point, STAG's commitment to absorb certain personnel costs resulted from the arm's-length negotiations that took place between the parties. Stated differently, absorption of these costs was part of the *quid pro quo* that enabled STAG to obtain the highest price possible for its assets at the time of sale.

In conclusion, the Department finds no evidence to consider STAG and SKWP to be affiliated within the meaning of section 771(33) of the Act, and for purposes of these final results, will continue to treat them as parties to an arm's-length transaction in relation to the sale and acquisition of SKWP's production equipment.

Comment 2: Profit Adjustment. Petitioners argue that even if the Department were to find STAG and SKWP unaffiliated, we should account for STAG's share of VCE's profit or loss as compensation for the assets transferred to SKWP, and add the value of these profits and losses to the reported costs of production.

Respondents counter that there is no statutory authority to add profit to a COP calculation, and these profits and losses are properly excluded from the reported costs.

Department Position: We agree, in principle, with petitioners that any profits that accrue to STAG under its profit and loss sharing arrangement with SKWP should be considered part of the purchase price of the assets acquired by SKWP from STAG. As discussed in our response to comment 1, above, the five-year arrangement between STAG and SKWP to share in the profits and losses of VCE, a distributor of SKWP's urea products, was concluded as an integral part of the asset purchase agreement between the two companies. Under the arrangement, SKWP agreed to forego its share of VCE's earnings from urea sales as part of the compensation it paid to STAG for the assets acquired. As such, any profits paid to STAG under the arrangement can reasonably be viewed as part of the purchase price for the assets.

We note, however, that evidence on the record shows that from 1993 to 1996 (the first three years of the arrangement), VCE incurred only losses on its sales of SKWP's urea products. Thus, as of the POR, STAG has not received any additional compensation for the assets it sold beyond that paid by SKWP at the time the agreement was concluded. In addition, we note that, were VCE to earn profits in the final two years of the agreement, such profits would first be netted against VCE's accumulated losses (in accordance with the arrangement) before distribution to STAG.

Finally, as a theoretical matter, we disagree with petitioners that all profits paid to STAG under the arrangement should go to increase the value of the production equipment purchased by SKWP. Rather, consistent with SKWP's GAAP accounting for all of the assets it acquired from STAG, any additional compensation in the form of VCE profits paid to STAG would first be applied to other, more liquid assets to reduce any remaining difference between their value at the time of purchase and the amount of the purchase price allocated to them.

Comment 3: Renovation Project. Petitioners argue that the Department should increase SKWP's cost of production to account for amounts received from the German government to offset expenses associated with an ongoing renovation project at its nitrogen facility. According to petitioners, the Department routinely considers renovation costs to be part of the cost of production. In this regard, petitioners highlight the fact that SKWP has accounted for costs associated with the project as part of the company's operating costs. Citing Certain Iron Metal Castings from India, 46 FR 28463 (1981), petitioners contend that it is the Department's long-standing practice not to reduce costs to reflect the benefits received from government subsidies.

SKWP argues that, because it did not incur the renovation costs for which the subsidies were granted, these costs could not be part of the company's cost of production.

Department's Position: We disagree with petitioners. Costs associated with the renovation of SKWP's production facility were not incurred by SKWP. The costs in question were funded by the German government through reimbursement which was recorded in the audited financial statements of SKWP.

Contrary to petitioners' apparent belief, the Department's long-standing practice is to base COP upon a producer's actual costs and not to restate such costs to exclude government payments, linked to specific costs. See, *e.g.*, Red Raspberries from Canada; Final Determination of Sales at Less Than Fair Value, 50 FR 19768 (1985); Certain Iron Construction Castings from India; Final Determination of Sales at Less Than Fair Value, 51 FR 9486, 9488 (1986). This practice has been upheld by the courts on many occasions. See, *e.g.*, *United States* v. *European Trading Company*, 27 CCPA 289, C.A.D. 103 (1940); *Washington Red. Raspberry Comm.* v. *United States*, 657 F. Supp. 537 (CIT 1987); *Alhambra Foundry Co., Ltd.* v. *United States*, 685 F. Supp. 1252 (CIT 1988). Indeed, in the one case cited by petitioners, the very practice at issue was upheld by the court. *See Al Tech Specialty Steel Corp.* v. *United States*, 10 CIT 743, 751, 651 F. Supp. 1421 (1986) (court refused to overturn calculation of ''fixed costs merely because the adjustment is based on subsidies'').

Comment 4: Special Depreciation. Petitioners argue that the Department should increase SKWP's reported depreciation expense to account for ''special'' depreciation excluded from COP and CV by the company. Petitioners maintain that the Department has a consistent practice of including special depreciation items in its calculation of respondent's costs and there is no justification for departing from that practice in this instance.

SKWP insists that it properly excluded special depreciation from the COP and CV figures it submitted to the Department. SKWP notes that the special depreciation in question relates to tax-basis depreciation granted by the German government to companies operating in the former GDR and, thus, represents no real additional cost to the company and should not be included in the cost of production. SKWP adds that actual depreciation (*i.e.*, not tax-related depreciation) is included in SKWP's fully-absorbed cost of production.

Department's Position: We disagree with SKWP in that, for purpose of computing COP and CV, we cannot simply ignore the amount that the company recorded as ''special'' depreciation expense during the POR. Each year in its accounting books and records, SKWP recognizes what it maintains is ''normal'' depreciation expense for the year. In addition, because SKWP operates in the former GDR, German tax law allows the company to recognize a ''special'' depreciation expense in the year in which an asset is purchased. Like normal depreciation, the amount of the special depreciation taken during the year of acquisition reduces the depreciable basis of the assets. Thus, while the special tax depreciation may be stated on an accelerated basis which may or may not reflect the underlying economic useful lives of the assets purchased by SKWP, to ignore the expense altogether, as SKWP suggests, fails to recognize as a cost that portion of each asset's depreciable basis that is written off as special depreciation in the year of acquisition. SKWP has not provided us with any alternative method of recognizing an appropriate amount for depreciation expense that is based on the economic useful lives of the assets purchased by the company. Rather, SKWP's position is that the Department must exclude special depreciation costs from COP and CV because the amounts at issue do not reflect what it calls ''real'' costs. However, as described above, the special depreciation expense amounts recorded by SKWP do reflect actual depreciation costs on an accelerated basis. Therefore, absent any other information on the record from which to derive an alternative measure of depreciation expense, we have included SKWP's special depreciation expense in the company's COP and CV.

Comment 5: Other Expenses Excluded from SKWP's Submitted Costs. Petitioners claim that the Department should include in SKWP's COP and CV figures certain costs reported by the company in its financial statements. Specifically, petitioners contend that the Department should increase SKWP's reported costs for three expense items: amounts incurred by the company for environmental damages relating to SKWP's 100% owned affiliate, Agrochemie Handelsgesellschaft GmbH (Agrochemie); amounts incurred for the demolition of certain plant facilities;

and, costs relating to worker severance pay.

SKWP argues that the amounts reported in its financial statements for environmental damages and demolition costs were properly excluded from the costs reported to the Department. According to SKWP, expenses relating to environmental damages caused by Agrochemie were paid for by the German government and, therefore, no costs were actually incurred by the company. With respect to amounts reported for plant demolition, SKWP contends that the facilities at issue were not involved in the production of urea and that these amounts, too, were paid for by the German government.

Department's Position: We agree with petitioners and have adjusted SKWP's reported COP and CV figures to include amounts for Agrochemie's environmental damages, demolition of certain SKWP facilities, and worker severance pay as reported in the company's financial statements. As part of our cost verification, we reconciled the total amount of costs reported by SKWP in response to our antidumping questionnaire to the costs reported in the company's audited financial statements. Our reconciliation showed that SKWP had excluded from its COP and CV figures specific income statement items relating to reserves established for each of the three expense items described above. Although the record of this case shows that SKWP received funds from the German government to offset costs incurred by the company for certain plant renovations and for environmental clean-up at its nitrogen facility, SKWP failed to show that the receipt of these funds was specifically related to either the environmental damages caused by Agrochemie or to the demolition costs at issue. As petitioners note in their briefs, in past cases, the Department has accounted for expenses associated with environmental clean-up by respondents as part of the cost of production where, as in this case, such expenses are included in respondent's financial statements and reflect costs incurred during the period of investigation or review. See Final Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from France, 58 FR 68865 (1993). With respect to SKWP's argument that the demolition costs relate to non-urea facilities, our understanding based on the evidence in the record is that the amounts incurred relate to the destruction of factory assets for discontinued operations. As such, we consider these costs to be related to SKWP's general operations and have therefore included them in COP and CV.

Comment 6: Reported Costs. Petitioners contend that SKWP has reported the costs for only one type of urea product and that a second, more costly type of urea referred to as ''konf.'' in the verification exhibits, was manufactured by SKWP during the POR. Petitioners maintain that cost verification exhibits do not support SKWP's contention that ''konf.'' urea is actually bagged urea since these exhibits show an amount for packing costs in the cost center report for what SKWP claims is bulk urea. Petitioners argue that the Department must increase SKWP's reported COP and CV to reflect the weighted-average cost for the two types of urea produced by the company.

SKWP maintains that ''konf.'' urea is, in fact, bagged urea, and that the Department verified packing costs associated with bagged urea as part of its sales verification. SKWP adds that the Department has factored the company's reported packing costs for bagged urea into its COP analysis.

Department's Position: We disagree with petitioners that SKWP failed to report the costs of a second type of urea that it produced during the POR. SKWP manufactures and sells urea in both bulk form, called ''lager lose,'' and in bagged form, or ''konf.'' In response to the Department's cost questionnaire, SKWP reported the cost of urea in bulk form only. The company reported the additional packing costs it incurred for bagged urea on a transaction-specific basis in response to the Department's sales questionnaire. In performing our COP test of SKWP's home market sales, we adjusted for the packing costs associated with bagged urea by deducting the reported amount from the home market sales price before comparing that price to the COP for bulk urea. Thus, to compute a single weighted-average cost for both bulk and bagged urea, as petitioners advocate, would result in an overstatement of costs.

With respect to petitioners observation that SKWP's cost center report for bulk urea shows an amount for packing costs, we note the fact that these amounts represent insignificant costs of less than one DEM per metric ton that are associated with packing bulk urea for sale. SKWP included these costs in its reported COP and CV amounts for bulk urea.

Comment 7: Labor Costs. Petitioners contend that a substantial portion of costs associated with SKWP's labor force are unaccounted for in the company's reported COP. In support of their claim, petitioners point to an agreement by SKWP to employ a minimum number of the workers formerly employed by STAG. Petitioners note the fact that, during the POR, the actual number of workers employed by SKWP exceeded the company's commitment level. According to petitioners, because SKWP developed its accounting systems subsequent to the date of the antidumping duty order, the company may have inappropriately assigned (or absorbed) excess personnel costs in areas responsible for producing non-subject merchandise, thereby artificially understating labor costs for urea.

As further evidence of their claim that SKWP may have understated its labor costs for the subject merchandise, petitioners assert that ammonia production reports obtained by the Department during its cost verification show what petitioners believe is a small percentage of the company's total workforce assigned to production of the input, and that there is no other evidence on the record to show the number of urea production workers.

SKWP argues that the Department thoroughly verified the company's cost centers and found that all labor costs had been appropriately allocated and accounted for. SKWP maintains that it is puzzled by petitioners' claim with respect to the number of workers in its ammonia production facility, noting that such facilities are not labor-intensive operations. SKWP also points out petitioners' own admission that personnel expenses are also accounted for through factory overhead and general and administrative (G&A) expenses.

Department's Position: We disagree with petitioners assertion that the analysis contained in their brief provides any basis for us to believe that SKWP may have understated its labor costs for urea. Rather, based on the results of our verification, we find that SKWP properly accounted for all labor costs incurred to produce the subject merchandise. Thus, for the final results of this review, we have not adjusted SKWP's labor costs as argued by petitioners. In a pre-verification letter to the Department dated April 2, 1997, petitioners expressed their concern that, in light of SKWP's commitment to employ a minimum number of former STAG employees, the variable overhead figure reported by SKWP appeared low. Based on this, petitioners requested that, as part of verification, ''SKWP should explain how it has accounted for all labor costs.'' During verification, SKWP did, in fact, provide a full explanation of the methodology it used in its normal books and records to account for labor costs incurred to produce both subject and non-subject

merchandise. Moreover, SKWP personnel demonstrated how that methodology was used to calculate the COP and CV data submitted to the Department. As described in SKWP's cost response and in the Department's cost verification report, SKWP charges labor costs, as well as other production costs, to a series of cost centers by cost type. The amounts charged to each ''cost type-cost center'' are then distributed in a multi-stage allocation to ''process-cost centers'' maintained by SKWP for both subject and non-subject merchandise. As explained in the Department's cost verification report, Department verifiers examined how production costs incurred within each of the various cost type-cost centers were allocated to the various process-cost centers under SKWP's accounting system. See Cost Verification Report at page 21.

In their case brief, petitioners cite to a list of participants at the cost verification as evidence that the Department verifiers examined only the labor costs incurred by SKWP in the production of ammonia and urea, and neglected to review the labor allocations to non-subject merchandise. Moreover, petitioners argue that verification exhibits collected by the Department show only the number of workers employed by SKWP at its ammonia production facility. While we do not believe that the participants list cited by petitioners provides any indication of the testing performed during verification, the Department's cost verification report does explain that the verifiers examined carefully amounts charged to, and allocated from, the various cost type-cost centers, including amounts incurred for labor costs. With respect to the ammonia production reports cited by petitioners, the verification report makes clear that these documents represent examples of the supporting documentation reviewed by the verifiers as part of their testing of SKWP's cost type-cost centers. As stated in the report, although the Department verifiers reviewed costs recorded in, and charged from, each category of cost type-cost center (including those in which SKWP recorded its labor costs), they did not collect as verification exhibits copies of all cost center reports. In fact, to have collected copies of all documents examined during verification would have placed an extreme and unnecessary burden on the respondent in this case.

Comment 8: Factory Overhead. Petitioners note that SKWP's reported factory overhead costs contain an adjustment that reduces a portion of those costs. Petitioners contend that there is no evidence on the record concerning the nature of this adjustment. According to petitioners, if, upon re-examining the record of this case, the Department finds that the amount of the adjustment is not justified, it should increase SKWP's factory overhead costs accordingly.

SKWP asserts that petitioners are overreaching when they request that the Department adjust the company's factory overhead costs for an offset that is included among thousands of other numbers contained in the record of this case. SKWP argues that its factory overhead costs should be accepted as reported since those amounts were verified by the Department.

Department's Position: For the final results of this review, we have not adjusted SKWP's factory overhead costs for the offset. The offset represents miscellaneous income earned by SKWP's Cunnersdorf research facility for projects conducted on behalf of outside parties. We did not describe the offset in our cost verification report simply because, relative to the production costs at issue in this case and the complexity of SKWP's cost accounting system, it is insignificant. Technically, because the work conducted was not so significant as to represent a separate line of business (and, thus, be excluded from COP and CV altogether), both the revenues from the projects and the associated R&D costs would more appropriately be considered part of G&A expense. However, in this instance, reclassification of these amounts would have little, if any, effect on SKWP's submitted costs. Thus, as noted above, we have not made any adjustments to SKWP's reported factory overhead costs.

Comment 9: Sales Reporting. Petitioners argue that SKWP only provided sales information on certain types of urea without consulting the Department. Petitioners insist that the Department should affirm in the final determination the inappropriateness of this unilateral modification.

Respondent argues that they reported all home market sales of identical merchandise rather than sales of the foreign like product. They claim that they did this in accordance with the statute at Section 773(a)(1) and Section 771(16)(A). Respondent also argues that the Department implicitly acknowledged this requirement when it advised SKWP that its omission of sales of non-identical merchandise may result in the use of facts available. Due to the fact that the Department's analysis indicates that only sales of identical merchandise were necessary for comparison purposes, petitioners' concerns are not justified.

Department's Position: During the review, SKWP only provided home market sales information of identical merchandise. In an October 30, 1996, letter to the respondent, the Department notified SKWP that failure to report the entire universe of the foreign like product may result in the Department using facts available, particularly if the Department determined after further analysis and verification of all relevant data that the omitted sales were necessary for comparison purposes. As evidenced by the preliminary results of review, the reported home market sales database of identical merchandise was adequate for making comparisons to the U.S. sales database and the omitted sales were not necessary for comparison purposes.

Comment 10: Model Match. Petitioners argue that SKWP inappropriately added a product characteristic in the model matching section and has not justified this modification. Petitioners argue that although there is no difference in the material costs of the two products, there is a difference in selling price. Additionally, petitioners argue that due to the fact that the U.S. sale is of one particular type of urea, SKWP's reporting methodology would cause the Department to select only certain home market sales for comparison purposes. Therefore, the Department should reject SKWP's reporting methodology. Alternatively, petitioners argue that if the Department accepts this SKWP's reporting methodology then it should adjust the cost for the second type of urea to ensure that all costs for all models are properly accounted for.

Respondent rebuts petitioners' argument by stating that the Department's questionnaire allows for the modification of the product characteristics if necessary. Respondent also objects to petitioners claim that the modification of the physical characteristics resulted in the comparison of U.S. sales to home market sales of similar merchandise. Respondent argues that due to the fact the record demonstrates that both types of urea are physically different products, comparison of one with the other is inappropriate.

Department's Position: The Department agrees with respondent. The Department's model match allows for respondent to report additional product characteristics if necessary. As evidenced by the preliminary results of review, the Department was able to compare the U.S. sale to the most comparable home market sale(s) and ensure that there were no distortions in the analysis. Based on the fact that there

is no evidence on the record to show that the product characteristics reported resulted in a distortive comparison, the Department has continued to use the model matching criteria set forth in the preliminary results of review.

Comment 11: Downstream Sales. Petitioners argue that sales from Agrochemie were not reported to the Department. Petitioners contend that SKWP has not indicated that it is otherwise justified in its reporting methodology, therefore, there exists the strong possibility for SKWP to avoid reporting less favorable home market sales to end-users by manipulating the transfer price to Agrochemie. Petitioners argue that the Department must increase normal value to reflect Agrochemie's profits on the resale of urea through its reseller. Because there is no evidence of Agrochemie's sales prices on the record, petitioners argue that the Department should use facts available regarding VCE's profit level to determine the selling price to Agrochemie's final customer.

Respondent argues that petitioners' request is without merit. Respondent asserts that the purpose of the arm's length test is to determine if the prices for sales between affiliated parties may have been manipulated to lower normal value. However, due to the fact that the Department found that sales to Agrochemie were at arm's length it would be inappropriate to penalize SKWP for avoiding the burden of reporting downstream sales that the Department did not require for its analysis.

Department's Position:. The Department agrees with respondent. During the review, SKWP did not report sales made from Agrochemie to unaffiliated customers in the home market. In an October 30, 1996, letter to the respondent, the Department notified SKWP that failure to report the Agrochemie sales to the first unaffiliated party may result in the Department using facts available, particularly if the Department determined after further analysis and verification of all relevant data, that these omitted sales were necessary for comparison purposes. As evidenced by the preliminary results of review, the Department found that SKWP's sales to Agrochemie were at arm's length and these omitted sales were not necessary for comparison purposes.

Final Results of Review

As a result of our review, we determine that the following weighted-average margin exists:

Manufacturer/exporter	Margin (percent)
SKW Piesteritz	0.00

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between export price and normal value may vary from the percentage stated above. The Department will issue appraisment instructions on each exporter directly to the Customs Service.

Furthermore, the following deposit requirements will be effective upon publication of this notice of final results of review for all shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751 (a)(1) of the Act: (1) The cash deposit rate for the reviewed company will be the rate listed above; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) for all other producers and/or exporters, as indicated in the preliminary results of this review, the cash deposit rate shall be 44.80 percent, the ''all others'' rate established in the LTFV investigation (53 FR 2636). These deposit requirements shall remain in effect until publication of the final results of the next administrative review. In addition, we are terminating suspension of liquidation for shipments of solid urea produced by other firms in Germany.

This notice 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 subsequent assessment of double antidumping duties.

Notification to Interested Parties

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 CFR 353.34(d). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the 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 USC 1675(a)(1)) and 19 CFR 353.22.

Dated: November 5, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97–30144 Filed 11–14–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–601]

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Final Results of Antidumping Administrative Review

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

ACTION: Notice of final results of antidumping duty administrative review of tapered roller bearings and parts thereof, finished and unfinished, from the People's Republic of China.

SUMMARY: On July 9, 1997, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on tapered roller bearings (TRBs) and parts thereof, finished and unfinished, from the People's Republic of China (PRC). The period of review (POR) is June 1, 1995, through May 31, 1996.

Based on our analysis of comments received, we have made changes to the margin calculations, including corrections of certain clerical errors. Therefore, the final results differ from the preliminary results. The final weighted-average dumping margins are listed below in the section entitled **Final Results of Review.**

We have determined that sales have been made below normal value (NV) during the POR. Accordingly, we will instruct the U.S. Customs Service to assess antidumping duties based on the difference between export price (EP) or constructed export price (CEP) and NV.

EFFECTIVE DATE: November 17, 1997.

FOR FURTHER INFORMATION CONTACT: Robin Gray or the appropriate case analyst, for the various respondent firms