

Contractors that the Department self-initiate a changed circumstances review. The other request came from the leading producer of finished drill pipe in the United States, Grant Prideco. The latter request was withdrawn.

We are initiating an antidumping duty changed circumstances administrative review to determine the extent of domestic industry support for continuing the antidumping duty order on OCTG from Mexico with regard to finished drill pipe.

**EFFECTIVE DATE:** May 8, 1998.

**FOR FURTHER INFORMATION CONTACT:** John K. Drury or Richard Weible, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-3208 or (202) 482-1103, respectively.

**SUPPLEMENTARY INFORMATION:**

### **Background**

On July 8, 1997, the International Association of Drilling Contractors (IADC) requested that the Department self-initiate a changed circumstances review with respect to finished drill pipe. On March 13, 1998, the Department responded to the IADC request. On January 28, 1998, Grant Prideco, Inc. requested revocation of the AD order on Mexican OCTG with respect to finished drill pipe. The Department received letters in opposition to this second request from OMSCO Industries and Drill Pipe Industries, Inc. on February 12, 1998, and February 13, 1998, respectively. On March 16, 1998, Grant Prideco withdrew its request for a changed circumstances review.

Since the Department's response to IADC on March 13, 1998, parties have raised questions regarding whether substantially all of the domestic industry supports continuation of the AD order on OCTG from Mexico with respect to finished drill pipe. Therefore, in light of the request originally filed by Grant Prideco and the information available to the Department, the Department believes a changed circumstances review is warranted. The Department intends to examine thoroughly the domestic producers of the like product to determine which companies are no longer interested in the portion of the order with respect to finished drill pipe. The Department will conduct this review as expeditiously as possible, allowing opportunity for all parties to comment. The Department will not revoke the order, in part, unless domestic producers accounting for substantially all of the like product have

expressed lack of interest in maintaining the order with respect to drill pipe. The Department interprets "substantially all" to mean at least 85 percent of domestic production of the like product. This review is to determine the level of support of domestic producers of the like product for maintaining this order with respect to finished drill pipe.

### **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 by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations.

### **Scope of the Review**

The merchandise subject to this changed circumstances review, is finished oil well drill pipe with tool joints attached. This merchandise is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 8431.43.8010 as "Parts suitable for use solely or principally with the machinery of headings 8425 to 8430, [o]f machinery of heading 8426, 8429 or 8430: [p]arts for boring or sinking machinery of subheading 8430.41 or 8430.49: [o]ther: [o]f oil and gas field machinery." Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this review is dispositive.

### **Initiation of Changed Circumstances Antidumping Duty Order Administrative Review**

Pursuant to section 751(b)(1) of the Tariff Act, the Department will conduct a changed circumstances administrative review upon receipt of information concerning, or a request from an interested party for a review of, an antidumping duty order which shows changed circumstances sufficient to warrant a review of the order. In accordance with section 751(b) and 19 CFR 351.216(b)(4) and 19 CFR 351.216(d), we are initiating a changed circumstances administrative review. We invite all parties to provide comments on whether domestic producers of the like product no longer have an interest in maintaining the order with respect to finished drill pipe from Mexico within seven days of publication of this notice of initiation.

The Department will publish in the **Federal Register** a notice of preliminary results of changed circumstances antidumping duty administrative

review, in accordance with 19 CFR 351.216(b)(4) and 19 CFR 351.221(c)(3). The Department will issue its final results of review in accordance with 19 CFR 351.216(e). All written comments must be submitted in accordance with 19 CFR 351.303 and must be served on all interested parties on the Department's service list in accordance with the same provision.

This notice is in accordance with section 751(b)(1) of the Tariff Act and section 351.221(b)(1) of the Department's regulations.

Dated: May 1, 1998.

**Robert S. LaRussa,**

*Assistant Secretary for Import Administration.*

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## **DEPARTMENT OF COMMERCE**

### **International Trade Administration**

[A-588-028]

### **Roller Chain, Other Than Bicycle From Japan: 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 requests from the petitioner, the American Chain Association, and three manufacturers/exporters, the Department of Commerce has conducted an administrative review of the antidumping duty finding on roller chain, other than bicycle from Japan. We have preliminarily determined that sales of the subject merchandise have been made below normal value. If these preliminary results are adopted in our final results of administrative review, we will instruct the Customs Service to assess antidumping duties based on the difference between the export price or constructed export price and the normal value.

Because one respondent did not permit verification of its questionnaire responses and two other respondents failed verification, we based the margins for these three companies on the facts available, in accordance with 776(a)(2) of the Tariff Act of 1930, as amended.

Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) A statement of the

issue, (2) a brief summary of the arguments not to exceed five pages, and (3) a table of statutes, regulations, and cases cited.

**EFFECTIVE DATE:** May 8, 1998.

**FOR FURTHER INFORMATION CONTACT:**

Cameron Werker at (202) 482-3874 or Ron Trentham at (202) 482-4793, AD/CVD Enforcement, Group II, Office Four, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

**SUPPLEMENTARY INFORMATION:**

**The Applicable Statute and Regulations**

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 of Commerce's (the Department's) regulations are to the provisions codified at 19 CFR Part 353 (April 1, 1997).

**Background**

On April 12, 1973, the Department published in the **Federal Register** an antidumping finding on roller chain, other than bicycle from Japan (roller chain) (38 FR 9926). On April 2, 1997, the Department published a notice of "Opportunity to Request an Administrative Review" of this antidumping finding for the period of review (POR), April 1, 1996, through March 31, 1997 (62 FR 15655). On April 24, 1997, and April 29, 1997, we received requests for administrative review of this antidumping finding from one reseller of roller chain from Japan to the United States, Daido Tsusho Company Ltd./Daido Corporation (DT), and three manufacturers/exporters of roller chain from Japan: (1) Daido Kogyo Company Ltd. (DK); (2) Enuma Chain Mfg. Company (Enuma); and (3) Izumi Chain Mfg. Company Ltd., (Izumi). On April 28, 1997, the petitioner, the American Chain Association (ACA), requested an administrative review of these same entities, as well as six other manufacturers/exporters and five other resellers of roller chain from Japan to the United States. The six other manufacturers/exporters are: (1) Hitachi Metals Techno Ltd. (HMTL); (2) Pulton Chain Company Inc. (Pulton); (3) R.K. Excel Company Ltd. (RK); (4) Kaga Chain Manufacturer (Kaga); (5) Oriental Chain Company (OCM); and (6) Sugiyama Chain Company, Ltd. (Sugiyama). The five other resellers are:

(1) Alloy Tool Steel Inc. (ATSI); (2) HMTL/Hitachi Maxco Ltd. (Hitachi Maxco); (3) Nissho Iwai Corporation (NIC); (4) Peer Chain Company (Peer); and (5) Tsubakimoto Chain Co./U.S.-Tsubaki (Tsubakimoto). On May 21, 1997, the Department published a "Notice of Initiation of Administrative Review" (62 FR 27720) covering the POR April 1, 1996, through March 31, 1997, for the above manufacturers/exporters/resellers (collectively, the respondents).

On June 18, 1997, we issued antidumping questionnaires to the respondents. The Department received questionnaire responses in July 1997, August 1997, and September 1997. We issued supplemental questionnaires in August 1997, September 1997, and December 1997. We received responses to these supplemental questionnaires in September 1997, October 1997, December 1997, January 1998, and February 1998.

**Partial Rescissions**

As a result of facts examined during the course of the POR, we have determined that Peer made no shipments of subject merchandise to the United States during the POR. We confirmed with the United States Customs Service that Peer did not have entries of subject roller chain during the POR. Therefore, we are rescinding the review with respect to this company.

HMTL is affiliated to a roller chain producer subject to this annual review. During this POR, HMTL and HMTL/Hitachi Maxco made no shipments of roller chain to the United States. We confirmed with the United States Customs Service that HMTL and HMTL/Hitachi Maxco did not have entries of subject roller chain during the POR. Consequently, the issue of a separate review rate for HMTL or HMTL/Hitachi Maxco is moot and we are rescinding the review for this purpose with respect to these parties.

DT sold roller chain produced by Enuma and DK during the POR. We examined the information on the record and have determined that, with respect to sales of merchandise manufactured by Enuma, DT is not a reseller as defined in 19 CFR 353.2(s) because Enuma had knowledge at the time of sale to DT that the roller chain it produced was destined for sale in the United States. Therefore, for sales by DT of Enuma-manufactured products, we are using the prices between Enuma and DT as United States prices and including these sales in the margin calculations for Enuma. With regard to DT sales of DK-produced merchandise, since DT is affiliated with DK pursuant

to Section 771(33) of the Act, we are including all sales of DK-produced merchandise by or through DT in the margin calculations for DK. Under these circumstances, we did not have a basis to consider DT for a separate rate in this POR and are rescinding the review for this purpose with respect to DT.

RK and NIC exported, and ATSI imported, roller chain produced by RK during the POR. In selling roller chain to NIC (RK's affiliated trading company in Japan), RK has knowledge that these roller chain sales are destined for the United States. All of NIC's sales to the United States of RK-produced merchandise are made through ATSI (NIC's affiliated U.S. reseller). For purposes of these sales, we have treated RK, NIC, and ATSI as affiliated parties pursuant to section 771(33) of the Act. We used United States sales of RK-produced merchandise through NIC in our margin analysis for RK. RK also sells its merchandise directly to ATSI in the United States, who in turn sells the merchandise to unaffiliated U.S. customers. We also used these transactions in our margin analysis for RK. In the absence of other sales, we did not consider ATSI and NIC for separate rates and are rescinding the reviews for this purpose for these entities.

**Preliminary Partial Rescission**

Tsubakimoto received *de minimis* margins in three consecutive administrative reviews covering the period 1979-1983 and in an "update" administrative review conducted for the period 1986-1987. In the final results of the 1986-1987 review, the Department stated its intent to revoke the finding with respect to Tsubakimoto. *See Final Results of Antidumping Duty Administrative Review and Intent to Revoke in Part: Roller Chain, Other Than Bicycle, From Japan*, 54 FR 3099 (January 23, 1989). At the time of publication of its intent to revoke in part, the Department was ordered by the Court of International Trade not to revoke the finding with respect to Tsubakimoto pending a decision on a matter before the Court regarding one of the reviews for the period 1979-1983. On May 15, 1989, the Court dismissed this case, thereby allowing the Department to proceed with revocation in part, with respect to Tsubakimoto. On August 14, 1989, the Department revoked Tsubakimoto from the finding on roller chain. *See Revocation in Part of Antidumping Finding: Roller Chain, Other than Bicycle, From Japan*, 54 FR 33259.

On April 28, 1997, the ACA requested that the Department conduct an administrative review of the sales made

by Tsubakimoto to the United States. The ACA stated that it believes Tsubakimoto is selling Japanese roller chain to U.S. customers that is manufactured by companies that are covered by the roller chain finding. The ACA stated that its request does not cover sales of roller chain produced by Tsubakimoto itself but rather is limited to roller chain manufactured by other Japanese producers. We solicited comments from Tsubakimoto and the ACA concerning this issue.

In its submissions concerning this issue, the ACA stated that the Department's revocation of Tsubakimoto applies only to merchandise that has been both produced and exported by Tsubakimoto because the 1989 revocation notice regarding Tsubakimoto stated that "[t]his partial revocation applies to all unliquidated entries of this merchandise manufactured and exported by Tsubakimoto and entered, or withdrawn from warehouse, for consumption on or after September 1, 1983." (See 54 FR 33259 (August 14, 1989)). Tsubakimoto responded by providing evidence indicating that during the 1986-1987 update review, the review upon which the Department determined to revoke in part, the Department based its *de minimis* margin calculation on sales to the United States made by Tsubakimoto of roller chain both produced by Tsubakimoto itself and purchased from two other Japanese manufacturers.

After analyzing all the comments received in regard to this issue, the Department preliminarily determines that the 1989 notice of revocation in part applies to Tsubakimoto in both its capacity as a manufacturer/exporter and reseller/exporter of roller chain. The evidence on the record demonstrates the Department revoked the company Tsubakimoto. By revoking Tsubakimoto as a company, the Department applied the revocation to the manufacturer/exporter and reseller/exporter operations the company Tsubakimoto conducts. Although the "manufactured and exported" language used by the Department in the 1989 revocation notice could be read to limit Tsubakimoto's revocation to roller chain manufactured by Tsubakimoto, the Department has preliminarily determined that Tsubakimoto's revocation also applies to its reseller function because the *de minimis* margin calculated in the 1986-1987 administrative review, which is the foundation of the revocation, included sales made by Tsubakimoto of roller chain it purchased from two other Japanese manufacturers. In addition, the Department's determinations in other

administrative proceedings concerning roller chain from Japan indicate that Tsubakimoto was revoked as a manufacturer/exporter and reseller/exporter. Therefore, the Department's revocation was based upon Tsubakimoto's pricing practices as both a manufacturer/exporter and reseller/exporter. For the reasons discussed above, we are preliminarily rescinding this review with respect to Tsubakimoto.

As provided for in section 353.54(e) of the Commerce Regulations which were in effect at the time of the tentative determination to partially revoke the order, Tsubakimoto agreed in writing to an immediate suspension of liquidation and reinstatement of the finding (as an order) if circumstances develop which indicate that roller chain, other than bicycle, manufactured and exported to the United States by Tsubakimoto is being sold by the firm at less than fair value (LTFV). See 48 FR 39674 (Sept. 1, 1983). If the Department determines, from information available to it either from submissions or other sources, that circumstances have developed which indicate subject merchandise is being sold by Tsubakimoto, or that Tsubakimoto is facilitating the sale of subject merchandise, at less than normal value in the United States, the Department will examine whether the elements necessary for reinstatement of the finding exist at that time.

Although we are preliminarily rescinding this review with respect to Tsubakimoto, the Department will continue to review this issue and encourages interested parties to comment on the appropriateness of our determination.

#### Extension of Deadlines

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of a preliminary determination if it determines that it is not practicable to complete the review within the statutory time limit. On August 22, 1997, the Department extended the time limit for the preliminary and final results of this case. See *Notice of Extension of Time Limits of Antidumping Duty Administrative Review*, 62 FR 44643 (August 22, 1997).

#### Scope of Review

The merchandise subject to this review is roller chain, other than bicycle, from Japan. The term "roller chain, other than bicycle," as used in this review, includes chain, with or without attachments, whether or not plated or coated, and whether or not manufactured to American or British

standards, which is used for power transmissions and/or conveyance. This chain consists of a series of alternately-assembled roller links and pin links in which the pins articulate inside from the bushings and the rollers are free to turn on the bushings. Pins and bushings are press fit in their respective link plates. Chain may be single strand, having one row of roller links, or multiple strand, having more than one row of roller links. The center plates are located between the strands of roller links. Such chain may be either single or double pitch and may be used as power transmission or conveyor chain. This review also covers leaf chain, which consists of a series of link plates alternately assembled with pins in such a way that the joint is free to articulate between adjoining pitches. This review further covers chain model numbers 25 and 35. Roller chain is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7315.11.00 through 7619.90.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description remains dispositive.

#### Verification

As provided in Section 782(i) of the Act, we verified information provided by two respondents, OCM and Izumi. We used standard verification procedures, including on-site inspection of the respondents' facilities, the examination of relevant sales and financial records, and selection of original documentation containing relevant information. Our verification results are outlined in the verification reports placed on file in the Central Records Unit (CRU) in room B-099 of the Main Commerce Building.

#### Facts Available (FA)

##### 1. Application of FA

Section 776(a)(2) of the Act provides that if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form requested, significantly impedes a proceeding under the antidumping statute, or provides information that cannot be verified, the Department shall use, subject to section 782(d), FA in reaching the applicable determination.

Section 782(d) provides certain conditions that must be satisfied before the Department may, subject to subsection (e), disregard all or part of the information submitted by a respondent. First, this section states that, if the Department determines that a response to a request for information

does not comply with the request, it shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of the review. Section 782(d) continues that, if the party submits further information in response to the deficiency and the Department finds the response is still deficient or submitted beyond the applicable time limits, the Department may disregard all or part of the original and subsequent responses.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed "deficient" under section 782(d) if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

## 2. Selection of Adverse Facts Available

In selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that a party has failed to cooperate by not acting to the best of its ability to comply with requests for information. See the Statement of Administrative Action (SAA) at 870. To examine whether the respondent "cooperated" by "acting to the best of its ability" under section 776(b), the Department considers, *inter alia*, the accuracy and completeness of submitted information and whether the respondent has hindered the calculation of accurate dumping margins. See e.g., *Certain Welded Carbon Steel Pipes and Tubes From Thailand: Final Results of Antidumping Duty Administrative Review*, 62 FR 53808, 53819-53820 (October 16, 1997).

### A. Total Facts Available

#### Pulton

In this case, Pulton submitted its questionnaire responses by the established deadlines and agreed to verification of its responses from March 16-20, 1998. Subsequently, however, prior to verification, it informed the Department that it would not allow verification of its responses. Because the Department was unable to verify the submitted information, as required by section 782(i) of the Act, the Department

had no authority to rely upon that unverified information in making its determination; thus section 776(a) of the Act mandates that the Department use facts available in making its determination vis-a-vis Pulton. Further, by refusing to allow verification, Pulton also significantly impeded the instant review, a result which section 776(a)(2)(C) and (D) require be addressed with the use of facts available. Although referenced under section 776(a), Section 782(d) of the Act concerns deficient submissions and thus is not applicable to a verification refusal.

As noted above, in selecting facts otherwise available, the Department may, pursuant to section 776(b) the Act, use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with requests for information. Where, as here, the respondent does not allow the Department officials to conduct verification of submitted information, it is deemed uncooperative, which constitutes grounds for applying adverse facts available. See *Notice of Final Determination of Sales at Less Than Fair Value: Steel Wire Rod From Venezuela*, 63 FR 8946, 8947 (February 23, 1998); and *Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Romania*, 61 FR 24274, 24275 (May 14, 1996). As explained above, although Pulton responded to the Department's requests for information, it refused to undergo verification, thereby preventing the Department from verifying the accuracy and completeness of the information it had submitted. Pulton's refusal to permit the Department to verify the information in this review demonstrates that it failed to cooperate by not acting to the best of its ability particularly in light of the fact that Pulton has participated in numerous administrative reviews and is generally familiar with the verification process. As Pulton indicated, it decided not to allow verification in this review because it would require two employees to spend two weeks dealing with the verification and its preparation. Pulton did not indicate that verification was impossible. Thus, consistent with the Department's practice in cases where a respondent withdraws its participation in a proceeding, in selecting facts available for Pulton in this review, an adverse inference is warranted.

In light of *Pulton Chain Co., Inc. v. U.S.*, Slip Op. 97-162 Court No. 96-12-02877 (December 1, 1997), we are assigning to Pulton an FA margin of 42.48 percent, the rate calculated for

Kaga in the instant review. For a more detailed discussion of this issue, see the April 30, 1998, Memorandum from The Senior Director, AD/CVD Enforcement, Group II, Office IV to the Acting Deputy Assistant Secretary, Import Administration, regarding the Determination of Facts Available for Pulton Chain Co., on file in room B-099, in the main Commerce Building.

#### OCM

With respect to OCM, although the Department issued several supplemental questionnaires requesting that OCM report appropriate home market comparison sales and appropriate cost information, OCM failed to comply with the Department's repeated requests. Moreover, at verification, OCM was unable to explain (1) numerous discrepancies with respect to its unreported home market sales, and (2) its cost calculation methodology. Because OCM failed to provide the necessary information in the form and manner requested, and the information could not be verified, section 776(a) directs the Department to apply, subject to section 782(d), facts otherwise available.

Pursuant to section 782(d), we provided OCM the opportunity to explain its deficiencies. Although we addressed deficiencies in OCM's original questionnaire response regarding its reporting of home market sales and variable costs of manufacturing, OCM still did not report all appropriate home market sales and cost information. Specifically, we were unable to determine the extent of unreported home market sales of merchandise identical or similar to merchandise sold in the United States because of various discrepancies between the information originally submitted and what we found at verification. OCM was unable to explain these discrepancies, or to identify which home market sales had not been reported. Further, OCM only reported variable costs of manufacture (VCOMs) for certain models of chain sold in both the U.S. and home markets during the POR. Because we can not determine the extent of unreported home market sales or the extent of unreported VCOMs, we are unable to determine whether we have the most appropriate home market sales for purposes of calculating a dumping margin.

Next, as noted we were unable to verify the accuracy and completeness of OCM's costs. We could not reconcile OCM's reported material and labor costs to its internal books and records and, therefore, could not establish whether the reported costs reflect actual costs for

the POR. Thus, we were unable to establish the credibility of the information contained in OCM's questionnaire responses.

Finally, OCM has not demonstrated on the record that it acted to the best of its ability in providing the necessary information. OCM elected not to follow the Department's clear instructions, which were enunciated in several questionnaires as well as during meetings with OCM's counsel, that OCM must report all appropriate home market sales and utilize an appropriate cost methodology. For example, the company used standard cost data to report model-specific material and labor costs, even though the Department does not accept standard costs for purposes of an antidumping analysis. Although we instructed OCM to calculate a variance between its standard and actual costs for the POR, it compared data that did not reflect either the period used to calculate the standard costs (April–September 1993) or the POR (April 1996–March 1997) to calculate this variance. In addition, OCM only calculated its variance for its four highest selling models of roller chain and applied a simple average of these variances to the standard costs reported for all other models.

For the reasons stated above, the application of section 782(e) of the Act does not overcome section 776(a)'s direction to use facts otherwise available for OCM's submissions. Thus, the use of facts available is warranted in this case.

As discussed above, in selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with the request for information. In this context, however, although the respondent may not act to the best of its ability, it may be deemed sufficiently "cooperative" so that the Department may determine to apply FA that are less adverse. See, e.g., *Certain Fresh Cut Flowers From Colombia; Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 62 FR 53287, 53291–53292 (October 14, 1997) (*Fresh Cut Flowers-Colombia (1997)*); *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al.; Final Results of Antidumping Duty Administrative Review*, 62 FR 2081, 2088 (January 15, 1997) (AFBs—1997).

As discussed above, we found significant problems with OCM's submissions. Although we addressed deficiencies in OCM's original

questionnaire response regarding its reporting of home market sales and variable costs of manufacturing, OCM still did not report all appropriate home market sales and cost information. Specifically, we were unable to determine the extent of unreported home market sales of merchandise identical or similar to merchandise sold in the United States because of various discrepancies between the information originally submitted and what we found at verification. OCM was unable to explain these discrepancies at verification, or to identify which home market sales had not been reported. OCM did not provide in its questionnaire responses either the calculation methodology employed to calculate its reported costs or appropriate cost variances. In its attempts to update standard costs, OCM calculated variances based on costs that did not reflect the standard or actual costs for the POR. Accordingly, because OCM did not act to the best of its ability to comply with the request for information under section 776(b), an adverse inference is warranted. However, because OCM made substantial efforts to cooperate throughout the course of this review, we are resorting to facts available that are less adverse to the interests of OCM. See, e.g., *Fresh Cut Flowers-Colombia (1997)*. Therefore, we are assigning OCM an adverse FA rate of 17.57 percent (a rate calculated for another respondent in a previous review of this proceeding). This rate is a significant increase from the company's current cash deposit rate and thus is sufficiently adverse to induce cooperation by OCM in future reviews of this proceeding. Since we are applying FA based on a margin from a prior administrative review of this finding, we have satisfied the corroboration requirements under section 776(c) of the Act. See the section below on "Corroboration of Information Used as Facts Available." For a detailed discussion of this issue, see Memorandum From The Senior Director, AD/CVD Enforcement, Group II, Office IV to the Acting Deputy Assistant Secretary, Import Administration regarding Determination of Facts Available Based on Results of Verification of Oriental Chain Manufacturing Co., (April 30, 1998), on file in room B-099, in the main Commerce Building.

#### Izumi

Although the Department issued several supplemental questionnaires requesting that Izumi report appropriate third country sales and appropriate cost information, Izumi failed to comply

with the Department's repeated requests. Moreover, at verification, Izumi was unable to explain: (1) numerous discrepancies with respect to its unreported third country sales; and (2) its cost calculation methodology. Because Izumi failed to provide the necessary information in the form and manner requested, and the information could not be verified, section 776(a) directs the Department to apply, subject to section 782(d), facts otherwise available.

Pursuant to section 782(d), we provided Izumi the opportunity to explain its deficiencies in our supplemental questionnaire of August 22, 1997, December 31, 1997, and December 19, 1997. In addition, we held a pre-verification conference with Izumi's counsel to ensure that Izumi understood our concerns so that its deficiencies could be remedied in time for verification.

Although Izumi submitted its questionnaire responses by the established deadlines, we were unable to verify their accuracy and completeness. First, we could not reconcile Izumi's reported material, labor, and overhead costs to its internal books and records and, therefore, could not establish whether the reported costs reflect actual costs for the POR. Thus, we were unable to establish the accuracy of the information contained in Izumi's questionnaire responses.

Second, although we addressed deficiencies in Izumi's original questionnaire response regarding its reporting of VCOM, Izumi still did not report all appropriate variable cost information. Specifically, Izumi did not report full POR costs for approximately 75 percent of its subject merchandise sold in the United States and to third countries. Izumi was unable to explain why these costs had not been reported. In addition, we discovered at verification that Izumi did not report all appropriate third country sales. Because we can not determine the extent of unreported comparison market sales of identical and similar merchandise, and we do not have accurate or complete VCOM's, we are unable to calculate constructed value (CV) or to determine whether we have the most appropriate third country sales, for purposes of calculating a dumping margin.

Finally, Izumi has not demonstrated on the record that it acted to the best of its ability in providing the necessary information. Izumi elected not to follow the Department's clear instructions, which were enunciated in several questionnaires, that Izumi must report all appropriate third country sales and an appropriate cost methodology. For

example, the company informed us at verification that it based its reported material and labor costs on outdated cost data from the initial antidumping investigation in this case (that was conducted in 1973). Izumi claimed that it updated this data to reflect POR costs. However, Izumi was unable to explain the methodology used to calculate the "updated" costs, nor was it able to provide any worksheets showing these calculations, or linking the reported costs to its POR internal books and records.

For the reasons stated above, the application of section 782(e) of the Act does not overcome section 776(a)'s direction to use facts otherwise available for Izumi's submissions. Thus, the use of facts available is warranted in this case. Further, also as discussed above, in selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with the request for information.

In this context, however, although the respondent may not act to the best of its ability, it may be deemed sufficiently "cooperative" and the Department may determine to apply FA that are less adverse. See discussion above, for OCM.

As discussed above, we found significant problems with Izumi's submissions. Although we addressed deficiencies in Izumi's questionnaire responses regarding its reporting of comparison market sales and variable costs of manufacturing, Izumi still did not report all appropriate comparison market sales and cost information. Specifically, we were unable to determine the extent of unreported comparison market sales of merchandise identical or similar to merchandise sold in the United States because of various discrepancies between the information originally submitted and what we found at verification. Izumi was unable to explain these discrepancies, and at verification only provided information regarding a portion of the unreported third country sales. Izumi did not provide in its questionnaire responses either the calculation methodology employed to calculate its reported costs or appropriate cost variances. Moreover, at verification, Izumi was unable to explain how it had attempted to update the original investigation costs to reflect POR costs. Accordingly, because Izumi did not act to the best of its ability to comply with the request for information under section 776(b), an adverse inference is warranted. However, because Izumi made substantial efforts

to cooperate throughout the course of this review, we are resorting to facts available that are less adverse to the interests of Izumi. See, e.g., *Fresh Cut Flowers-Colombia* (1997).

Therefore, we are assigning Izumi an adverse FA rate of 17.57 percent (a rate calculated for another respondent in a previous review of this proceeding). This rate is a significant increase from the company's current cash deposit rate and thus is sufficiently adverse to induce cooperation by Izumi in future reviews of this proceeding. Since we are applying FA based on a margin from a prior administrative review of this finding, we have satisfied the corroboration requirements under section 776(c) of the Act. See the section below on "Corroboration of Information Used as Facts Available." For a detailed discussion of this issue see Memorandum From The Senior Director, AD/CVD Enforcement, Group II, Office IV to the Acting Deputy Assistant Secretary, Import Administration regarding Determination of Facts Available Based on Results of Verification of Izumi Chain Manufacturing Co., Ltd., (April 30, 1998), on file in room B-099, in the main Commerce Building.

The Department also notes that the majority of Izumi's home market sales were made to an affiliated Japanese manufacturer. Due to this affiliation, the Department will be reviewing, for the purposes of the final determination of this administrative review, the appropriateness of continuing our analysis of Izumi as a separate entity.

#### B. Partial Facts Available DK and Enuma

In our initial questionnaire of June 18, 1997, we stated that if a respondent elected not to supply difference in merchandise (DIFMER) information and we later determined for any reason that a U.S. sale should be compared to a sale of a similar product in the comparison market, we might have to resort to the use of facts otherwise available (FA).

In response, both Daido and Enuma stated that they believed that they had identical home market (HM) sales for every U.S. model. However, both respondents admitted that a matching contemporaneous HM sale may not exist for every U.S. sale. Both Daido and Enuma contended that because of the large number of U.S. and HM sales, they had not been able to determine if there are any unmatched U.S. sales. Both respondents stated that they would "report either difference in merchandise adjustments or constructed values," if

they found that "unmatched U.S. sales exist."

In the supplemental questionnaires to Daido and Enuma dated September 2, 1997, and November 5, 1997, respectively, we again informed the respondents that if we determined that there was not a contemporaneous sale in the HM of an identical model for every model of roller chain sold in the United States, or such sales could not be used as a basis for normal value (NV) for any reason, and Daido and Enuma failed to report their DIFMER data, we might resort to FA in making our determinations. In its September 16, 1997, response, Daido stated that "[n]o response was required" while Enuma in its November 24, 1997, submission, provided no response except to state that "[t]his particular question does not require an answer." Furthermore, in an additional supplemental questionnaire, dated December 11, 1997, we again asked Daido to confirm that it had reported a contemporaneous sale of an identical or similar HM model for every sale in the U.S. market, as requested in the original questionnaire. The supplemental questionnaire pointed out that if there is not an identical or similar HM match for each Daido sale in the U.S. market, then it was Daido's responsibility to submit CV information for those U.S. models which do not have contemporaneous comparison sales in the HM. Further, we reiterated to Daido the requirement to report VCOM data for both the home market and U.S. models and the TCOM for U.S. models, if there are sales of U.S. models for which there are no contemporaneous home market sales of identical merchandise. Daido responded that it "believes that it has reported a contemporaneous home market sale of an identical model for every U.S. sale." However, in performing product comparisons for Daido and Enuma, we were unable to identify HM sales of identical products for every product sold in the United States, as claimed by the respondents.

Pursuant to 782(d), we provided Daido and Enuma the opportunity to explain their deficiencies. As noted above, Daido and Enuma failed to provide VCOM and/or CV information in response to our initial questionnaire. Each was sent a supplemental questionnaire requesting the VCOM and/or CV information. Neither Daido nor Enuma provided the requested data. Therefore, section 776(a) directs the Department to use facts otherwise available, subject to section 782(e).

Because the information at issue submitted by Daido and Enuma was so incomplete that it cannot serve as a

reliable basis for the unmatched U.S. sales, and by refusing to remedy the deficiencies in that information Daido and Enuma failed to act to best of their abilities, section 782(e) authorizes the Department to decline to consider the deficient information and resort to facts otherwise available.

The failure by Daido and Enuma to report DIFMER and/or CV data, information which we requested in our original and in our supplemental questionnaire(s) and information which they controlled, despite our warnings regarding the consequences of such an action, demonstrates that Daido and Enuma failed to cooperate to the best of their ability.

Given Daido and Enuma's lack of cooperation, we are assigning their unmatched sales an FA margin of 42.48 percent, the rate calculated for Kaga in the instant review.

#### Kaga

As a result of our analysis of the revised U.S. sales databases submitted by Kaga, on January 22, 1998, we identified a number of sales transactions listed in the U.S. sales databases which have missing values (e.g. VCOM, gross unit price (GRSUPRU), etc.). In letters dated March 25, 1998 and March 31, 1998, we requested that Kaga provide a revised U.S. sales tape containing the missing information we had identified. Further, we requested that Kaga check its databases to determine if any other transactions not identified in our request had missing values. If so, we asked that this information be provided as well.

On April 1, 1998, we received a call from counsel for Kaga who explained that in responding to our March 25, 1998, request for information regarding missing values, Kaga discovered other errors. We instructed Kaga to submit revised sales tapes for the United States and HM and informed Kaga that if we found errors or had difficulty in using the data on the revised tapes, we may proceed with our determination based on facts available.

On April 6, 1998, Kaga submitted revised sales data for constructed export price (CEP) sales and for export price (EP) sales to one customer but stated that it had been unable to locate any missing data for sales to the other EP customer. In addition, Kaga reported that it had made corrections with respect to packing, brokerage and handling, sale date, and freight from port to warehouse. However, in performing product comparisons for Kaga, we found several transactions with missing values in the U.S. sales

databases, including VCOM, TCOM, number of strands, and GRSUPRU.

Pursuant to 782(d), we provided Kaga the opportunity to explain its deficiencies. We sent Kaga a supplemental questionnaire addressing deficiencies in its response. Although Kaga responded to our supplemental request for information, despite our warnings that we might proceed with our determination based on facts available if we found errors or had difficulty in using Kaga's revised data, the information provided was deficient. Therefore, Section 776(a) directs the Department to use facts otherwise available, subject to Section 782(e).

The application of Section 782(e) of the Act does not overcome Section 776(a)'s direction to use facts otherwise available for Kaga's U.S. sales database. Because several transactions in Kaga's U.S. sales databases have missing values for specific variables that are necessary for matching to HM sales, we are unable to calculate a margin for these U.S. sales.

Kaga's failure to provide data for specific variables which are essential to our determination of model match (e.g., VCOM, TCOM, etc.), despite our pointing out to Kaga exactly what was missing, demonstrates that Kaga failed to cooperate to the best of its ability especially in light of Kaga's ability to provide the same type of information for other sales.

Given Kaga's lack of cooperation, we recommend assigning to Kaga's unmatched sales, an FA margin of 42.48 percent, which is the rate calculated for Kaga's other sales in the instant review and is one of the highest margins calculated in the history of this proceeding.

#### Sugiyama

As with the other respondents in this review, pursuant to section 782(d) of the Act, we provided Sugiyama the opportunity to explain deficiencies we noted in the responses. To that end, we issued supplemental questionnaires to Sugiyama on September 5, 1997, November 26, 1997, November 28, 1997, and December 17, 1997. We noted that in its original Section B response, Sugiyama reported that one of its affiliated home market resellers (hereafter referred to as reseller A) had sales to two customers in the home market during the POR. However, in its revised database, submitted in January 1998, in response to the Department's supplemental questionnaires, Sugiyama included previously unreported sales by reseller A to multiple additional customers. After careful review of this submission, we discovered that

Sugiyama had increased its home market sales database by more than 40 percent. Sugiyama's failure to identify the magnitude of the increased sales resulted in the Department's rejecting this submission. However, we reconsidered this decision and in March accepted the submission, stating that we were not certain how we would treat the newly reported sales. Subsequently, after the deadline had passed for submission of new factual information, Sugiyama advised the Department that several of those additional customers were affiliated with reseller A.

Given the lateness of these submissions, the extent of the additional information provided, and concerns about establishing the accuracy of the data, we are excluding this data from our preliminary margin calculations. Further, we have identified all U.S. transactions where the normal value that would have been used for comparison purposes relied in whole or in part on those newly reported home market sales and applied a margin based on the FA to the U.S. sales in question.

The preceding analysis demonstrates that Sugiyama failed to cooperate to the best of its ability. Thus, in accordance with section 776(b), in selecting among the FA for this respondent, we believe that an adverse inference is warranted. Given Sugiyama's lack of cooperation, we assigned as FA to the U.S. sales in question, the 42.48 percent rate calculated for Kaga in the instant review.

Between the preliminary and final review results, we will address the appropriateness of including the additional transactional data in our final margin analysis.

#### 3. Corroboration of Information used as Facts Available

Section 776(b) of the Act authorizes the Department to use as adverse FA information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or any other information placed on the record.

Section 776(c) of the Act requires the Department to corroborate, to the extent practicable, secondary information used as facts available. Secondary information is described in the SAA (at 870) as "[i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise."

The SAA further provides that "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has



probative value (see SAA at 870). Thus, to corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used. However, unlike other types of information, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for margins is an administrative determination. Thus, in an administrative review, if the Department chooses as total adverse FA a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin from that time period (*i.e.*, the Department can normally be satisfied that the information has probative value and that it has complied with the corroboration requirements of section 776(c) of the Act. *See, e.g., Elemental Sulphur from Canada: Preliminary Results of Antidumping Duty Administrative Review*, 62 FR at 971 (January 7, 1997) and AFBs-1997.

As to the relevance of the margin used for adverse FA, the Department stated in *Tapered Roller Bearings from Japan; Final Results of Antidumping Duty Administrative Review*, 60 FR 47454 (Sept. 9, 1997) that it will "consider information reasonably at its disposal as to whether there are circumstances that would render a margin irrelevant. Where circumstances indicate that the selected margin is not appropriate as adverse [FA], the Department will disregard the margin and determine an appropriate margin." *See also Fresh Cut Flowers from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 60 FR 49567. We have determined that there is no evidence on the record of the 1987-1988 administrative review, where we calculated the 17.57 percent rate for Hitachi Metals, that would indicate that the 17.57 percent rate is irrelevant or inappropriate as an adverse FA rate for certain respondents in the instant review. Therefore, where we have applied as FA, the 17.57 margin from a prior administrative review of this finding, we have satisfied the corroboration requirements under section 776(c) of the Act.

### Product Comparisons

In accordance with section 771(16) of the Act, we considered all products covered by the Scope of the Review, which were produced and sold by the respondent in the home market during the POR, to be foreign like products for purposes of product comparisons to U.S. sales. Where there were no sales of identical or similar merchandise in the

home market to compare to U.S. sales, we compared U.S. sales to the CV of the product sold in the U.S. market during the comparison period.

In past segments of this proceeding, we have used the model match databases submitted by the respondents to identify identical and similar merchandise in the home market. For this review, however, we have determined it appropriate to make the analysis in this proceeding consistent with the Department's practice of defining identical and similar merchandise based on the product characteristics outlined in the antidumping questionnaire.

In the final results of the prior segment of this proceeding, we stated our intent to use the model match comments received in that review as a starting point for determining the appropriate model match criteria to be employed in future reviews. *See Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review: Roller Chain, Other Than Bicycle, From Japan*, 62 FR at 60475 (November 10, 1997). Using these comments, we developed proposed model match criteria and issued the proposal to all parties in a letter dated November 26, 1997. Additional comments were received from all parties on December 12, 1997 and December 15, 1997. Based on our analysis of all comments received as well as our examination of questionnaire responses, product catalogs of various respondents in the current review, and the model matching methodology used by the Department in prior segments of this proceeding, we developed our model match criteria based on eighteen product characteristics as outlined in our supplemental questionnaire of December 19, 1997.

### Fair Value Comparisons

To determine whether sales of the subject merchandise by the respondents to the United States were made at below NV, we compared the EP or CEP to the NV, as described in the "export price," "constructed export price," and "normal value" sections of this notice. In accordance with section 777A(d)(2) of the Act, we compared, where appropriate, the EPs and CEPs of individual transactions to the monthly weighted-average NV of contemporaneous sales of the foreign like product.

### Export Price

For the price to the United States, we used EP, as defined in section 772(a) of the Act, where the subject merchandise was sold directly to the first unaffiliated

purchaser in the United States prior to importation and the CEP methodology was not otherwise warranted based on the facts of the record. In accordance with section 772(c)(2) of the Act, we made deductions, where appropriate, for foreign inland freight from the plant to the port, foreign inland insurance, foreign brokerage and handling, international freight, and marine insurance because these expenses were incident to bringing the subject merchandise from the original place of shipment in the exporting country to the place of delivery.

### Constructed Export Price

The Department based its margin calculation on CEP, as defined in section 772(b) (c) and (d) of the Act, where sales to the first unaffiliated purchaser in the United States took place after importation or where CEP methodology was otherwise warranted.

In the case of RK, the company reported its sales through NIC and its direct sales to ATSI as EP sales where the price and quantity sold to unaffiliated parties were established prior to exportation and the merchandise did not enter ATSI's inventory. When sales are made prior to the date of importation through an affiliated or unaffiliated sales entity in the United States, the Department uses the following criteria to determine whether U.S. sales should be classified as EP sales: (1) whether the merchandise in question is shipped directly from the manufacturer to the unaffiliated buyer without being introduced into the physical inventory of the selling agent; (2) whether direct shipment from the manufacturer to the unaffiliated buyer is the customary channel for sales of the subject merchandise between the parties involved; and (3) whether the selling agent in the United States acts only as a processor of sales-related documentation and a communication link (*i.e.*, "a paper-pusher") with the unaffiliated U.S. buyer. Where the factors indicate that the activities of the selling entity in the United States are ancillary to the sale (*e.g.*, arranging transportation or customs clearance), we treat the transactions as EP sales. Where the U.S. selling agent is substantially involved in the sales process (*e.g.*, negotiating prices), we treat the transactions as CEP sales. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod From Spain*, 63 FR 10849, 10852 (March 5, 1998).

Based on our review of the record information concerning RK's sales described above, we preliminarily determine that these sales are CEP



transactions. We note that according to RK the customary channel is to sell the merchandise prior to importation and ship the merchandise directly from RK or RK/NIC to the unaffiliated buyer in the United States without being introduced into the physical inventory of ATSI. However, during the POR, FTM & Associates (FTM), an unaffiliated U.S. sales company, acted as a selling agent for RK and RK/NIC with respect to all RK-produced merchandise sold in the United States that did not enter into ATSI's inventory. FTM was responsible for introducing potential new customers and sales to RK and its affiliates, U.S. advertising, and all customer contact. Thus, FTM acted as more than just a paper processor or communication link for sales of RK-produced merchandise. Accordingly, for purposes of these preliminary results, we are treating the sales in question as CEP sales. For a more detailed discussion of this issue, see the April 30, 1998, Memorandum to the Acting Deputy Assistant Secretary, Import Administration, regarding Treatment of Certain RK Excel U.S. Sales of Subject Merchandise as Constructed Export Price or Export Price Transactions, on file in room B-099, of the main Commerce Building.

We calculated CEP based on delivered prices to unaffiliated purchasers in the United States. Where appropriate, the Department made adjustments for discounts and rebates. Also where appropriate, we deducted credit expenses, direct selling expenses and indirect selling expenses, including inventory carrying costs, which related to commercial activity in the United States. We also made deductions, where appropriate, for movement expenses (foreign inland freight, foreign brokerage and handling, international freight and insurance, U.S. duties, U.S. brokerage and handling, and U.S. inland-freight and insurance), and pursuant to section 772(d)(3), where applicable, we made an adjustment for CEP profit. With regard to RK and Sugiyama, the only respondents in this review who further-manufactured the merchandise in the United States, we made a deduction for the cost of further manufacturing in the United States in accordance with section 772(d)(2) of the Act.

### Normal Value

#### Viability

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared each respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject

merchandise, in accordance with section 773(a)(1) of the Act. For DK, Enuma, RK, Sugiyama, and Kaga, we determined that the quantity of foreign like product sold in the exporting country was sufficient to permit a proper comparison with the sales of the subject merchandise to the United States because each of these respondents made home market sales which were greater than five percent of its sales in the U.S. market.

#### *Arms-Length Transactions for Enuma and Sugiyama*

Sales to affiliated customers in the home market for Enuma and Sugiyama which were determined not to be at arms-length were excluded from our analysis. To test whether these sales were made at arms-length, we compared the starting prices of sales of comparison products to affiliated and unaffiliated customers, net of all movement charges, direct and indirect selling expenses, discounts, and packing. Pursuant to 19 CFR 353.45(a) and in accordance with our practice, where the price to the affiliated party was less than 99.5 percent or more of the price to the unaffiliated party, we determined that the sales made to the affiliated party were not at arm's length. We disregarded all sales of Sugiyama's and Enuma's home market customers that did not pass the arms-length test.

#### *Level of Trade*

In accordance with section 773(a)(7) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or CEP transaction. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive selling, general, and administrative (SG&A) expenses and profit. For EP sales, the U.S. level of trade is also the level of the starting-price sale, which is usually from exporter to importer. For CEP sales, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different level of trade than EP or CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. Customer categories such as distributor, original equipment manufacturer, or reseller are commonly used by respondents to describe levels of trade but are insufficient to establish an LOT. Different levels of trade necessarily involve differences in selling functions, but differences in

selling functions, even substantial ones, are not alone sufficient to establish a difference in the levels of trade. Different levels of trade are characterized by purchasers at different stages in the chain of distribution and sellers performing qualitatively or quantitatively different selling functions in selling to them.

If we find that the comparison-market sales are at a different level of trade, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

In order to determine whether a LOT adjustment or CEP offset was warranted for Kaga, RK, Enuma, DK and Sugiyama, we compared the EP and CEP sales to the HM sales in accordance with the principles discussed above. For purposes of our analysis, we examined information regarding the distribution systems in both the United States and the Japanese markets, including the selling functions, classes of customer, and selling expenses for each of the above companies.

Based on our analysis of these factors, we found for each respondent that no LOT difference existed between its U.S. and home market. Therefore, we have made no LOT adjustment for any of these respondents. For a detailed discussion of the LOT issues, see the April 30, 1998, memoranda to the Program Manager from the Team, regarding the LOT analysis for Kaga, RK, Enuma, Daido and Sugiyama.)

#### Constructed Value

For Sugiyama's, RK's, and Kaga's products for which we could not determine the NV based on home market sales of roller chain, because there were no contemporaneous sales of a comparable product, we compared U.S. prices to CV. In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of the cost of manufacturing (COM) of the product sold in the United States, plus amounts for home market SG&A

expenses, profit, and U.S. packing costs. In accordance with section 773(e)(2)(A), we used the actual amounts incurred and realized by the respective manufacturers 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 SG&A expenses and profit.

#### *Price-to-Price Comparisons*

We based NV on packed, ex-factory or delivered prices to unaffiliated purchasers in the home market. We made adjustments, where applicable, in accordance with section 773(a)(6) of the Act. Where applicable, we made adjustments to home market prices for discounts, rebates, inland freight, insurance, technical services, and other direct selling expenses. To adjust for differences in circumstances of sales (COS) between the home market and the EP and CEP transactions in the United States, we reduced home market prices by an amount for home market credit expenses. For comparison to EP transactions we also made an upward adjustment for U.S. credit expenses. We also made adjustments for indirect selling expenses incurred on comparison market or U.S. sales where commissions were granted on sales in one market but not in the other (the commission offset), pursuant to 19 CFR 353.56(b). To adjust for differences in packing between the two markets, we adjusted the home market price by deducting HM packing costs and adding U.S. packing costs. In addition, we made adjustments, where appropriate, for differences in costs attributable to physical differences of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act.

#### *Price-to-CV Comparisons*

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, where appropriate, we made COS adjustments by deducting direct selling expenses incurred on home market sales and adding U.S. direct selling expenses. For comparisons to CEP, where appropriate, we made COS adjustments by deducting direct selling expenses incurred on home market sales. We also made adjustments, where applicable, for the commission offset in the manner described above.

#### **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 effect on the date of sale of subject merchandise 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. (For a detailed explanation, see Policy Bulletin 96-1: Currency Conversions, 61 FR 9434, March 8, 1996.) 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. We have determined that no fluctuation existed in this review, therefore, we have made currency conversions based on the daily exchange rates.

#### **Preliminary Results of Review**

As a result of this review, we preliminarily determine that the following margins exist for the period April 1, 1996, through March 31, 1997:

Manufacturer/exporter	Weighted-average margin percentage
Daido Kogyo Company Ltd .....	0.03
Enuma Chain Mfg. Company ...	0.06
Izumi Chain Mfg. Company Ltd	17.57
Pulton Chain Company Inc .....	42.48
R.K. Excel Company Ltd .....	10.29
Kaga Kogyo/Kaga Industries ...	42.48
Oriental Chain Company .....	17.57
Sugiyama Chain Company, Ltd	31.50

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 10 days of publication. Any hearing, if requested, will be held 44 days after the date of publication or the first business day thereafter. Issues raised in hearings will be limited to those raised in the respective case briefs and rebuttal briefs. Case briefs from interested parties and rebuttal briefs, limited to the issues raised in the respective case briefs, may be submitted not later than 30 days and 37 days, respectively, from the date of publication of these preliminary results. Parties who submit case briefs or rebuttal briefs in this proceeding are requested to submit with each argument (1) a statement of the issue, (2) a brief summary of the argument not to exceed five pages, and (3) a table of authorities cited.

The Department will subsequently issue the final results of this administrative review, including the results of its analysis of issues raised in any such written briefs or at the hearing, if held, not later than 180 days after the date of publication of this notice. The Department shall determine and the Customs Service shall assess antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the Customs Service upon completion of this review. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties. For duty assessment purposes, for CEP sales we calculated an importer-specific assessment rate by aggregating the dumping margins calculated for all U.S. sales to each importer and dividing this amount by the total value of subject merchandise entered during the POR for each importer. In order to estimate the entered value, we subtracted international movement expenses from the gross sales value. For assessment of EP sales we calculated a per unit importer-specific assessment rate by aggregating the dumping margins calculated for all U.S. sales to each importer and dividing this amount by the total quantity of subject merchandise entered during the POR for each importer.

Furthermore, the following deposit requirements will be effective upon publication of the final results of this antidumping duty review for all shipments of roller chain from Japan, entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a) of the Tariff Act: (1) the cash deposit rates for the reviewed companies will be those established in the final results of this review; (2) for exporters not covered in this review, but covered in the LTFV investigation or prior reviews, the cash deposit rate will continue to be the company-specific rate from the LTFV investigation or the prior review; (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) the cash deposit rate for all other manufacturers or exporters will continue to be 15.92 percent, the "All Others" rate based on the first review conducted by the Department in which a new shipper rate was established in the final results of

antidumping finding administrative review (48 FR 51801, November 14, 1983). These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review. This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26 to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice are in accordance with sections 751(a)(1) and 777 (i)(1) of the Act.

Dated: April 30, 1998.

**Robert S. LaRossa,**

*Assistant Secretary for Import Administration.*

[FR Doc. 98-12206 Filed 5-7-98; 8:45 am]

BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### International Trade Administration

#### President's Export Council: Meeting of the President's Export Council

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

**ACTION:** Notice of an open meeting.

**SUMMARY:** The President's Export Council (PEC) will hold a full Council meeting to discuss topics related to export expansion. The meeting will include briefings on trade priorities and issues, the Asia monetary crisis, the World Trade Organization, economic sanctions and Virtual Trade Mission activities. The PEC was established on December 20, 1973, and reconstituted May 4, 1979, to advise the President on matters relating to U.S. trade. It was most recently renewed by Executive Order 12991.

**DATE:** June 2, 1998.

**TIME:** 10:30 p.m. to 4:15 p.m.

**ADDRESSES:** The J.W. Marriott Hotel, Salon G, 1331 Pennsylvania Avenue, N.W., Washington, D.C., 20004. This program is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be submitted by May 15, 1997, to J. Marc Chittum, President's Export Council, Room 2015B, Washington, D.C., 20230. (Phone: 202-482-1124) Seating is

limited and will be on a first come first serve basis.

**FOR FURTHER INFORMATION CONTACT:** J. Marc Chittum, President's Export Council, Room 2015B, Washington, D.C., 20230 (Phone: 202-482-1124).

Dated: May 1, 1998.

**J. Marc Chittum,**

*Staff Director and Executive Secretary, President's Export Council.*

[FR Doc. 98-12281 Filed 5-7-98; 8:45 am]

BILLING CODE 3510-DR-U

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

[I.D. 042998D]

#### Gulf of Mexico Fishery Management Council; Public Meetings

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Notice of public meetings.

**SUMMARY:** The Gulf of Mexico Fishery Management Council (Council) will convene public meetings of its Special Crustacean and Finfish Stock Assessment Panels (SAP).

**DATES:** A meeting of the Crustacean SAP will be held beginning at 1:00 p.m. on Monday, June 1, 1998, and will conclude by 12:00 noon on Thursday, June 4, 1998. A meeting of the Finfish SAP will be held beginning at 1:00 p.m. on Monday, June 22, 1998, and will conclude by 12:00 noon on Thursday, June 25, 1998.

**ADDRESSES:** The Crustacean SAP meeting will be held at the Crowne Plaza Hotel, 333 Poydras Street, New Orleans, LA. The Finfish SAP meeting will be held at the Atlantic Oceanographic Meteorologic Center, 4301 Rickenbacker Causeway, Miami, FL.

**FOR FURTHER INFORMATION CONTACT:** Richard Leard, Senior Fishery Biologist; telephone: 813-228-2815.

**SUPPLEMENTARY INFORMATION:** The Panels will be convened to develop alternatives for the overfishing criteria as required by the Sustainable Fisheries Act. Separate criteria will be considered for each of the stocks or stock-complexes managed under the Council's existing Fishery Management Plans (FMP) for shrimp, stone crab, and spiny lobster (Crustacean SAP), and for migratory coastal pelagics, reef fish, and red drum (Finfish SAP).

The Panels will develop proxies for expressing maximum sustainable yield and optimum yield in terms of

spawning potential ratio, spawning stock biomass per recruit, or other credible analyses as appropriate for the stocks or stock complexes of each FMP. The Panels will also develop alternatives for rebuilding periods for stocks that have been classified as overfished by NMFS. The Panels may suggest modifications to the framework procedures for specifying acceptable biological catch and total allowable catch where appropriate. Each panel will develop a report to the Council setting forth their recommendations.

Although other issues not contained in this agenda may come before the Panels for discussion, in accordance with the Magnuson-Stevens Fishery Conservation Act, those issues may not be the subject of formal action during these meetings. Action will be restricted to those issues specifically identified in the agenda listed in this notice.

A copy of the agenda can be obtained by contacting the Gulf Council (see **ADDRESSES**).

#### Special Accommodations

These meeting are physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Anne Alford at the Council (see **ADDRESSES**) by May 22, 1998.

Dated: May 1, 1998.

**Richard W. Surdi,**

*Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.*

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## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

[I.D. 042998A]

#### Pacific Fishery Management Council; Public Meeting

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Notice of public meeting.

**SUMMARY:** The Pacific Fishery Management Council's (Council) Allocation Committee will hold a meeting which is open to the public.

**DATES:** The meeting will begin on Friday, May 22, 1998, at 8 a.m. and will continue throughout the day as necessary.

**ADDRESSES:** The meeting will be held at the Council Office, 2130 SW Fifth Avenue, Suite 224, Portland, OR.