creation of the model matching hierarchy. As a result, the variables were improperly sorted. In addition, petitioner claims that the Department incorrectly defined three product characteristic codes in the model match program. Respondent agrees that there is a programming error in the model matching hierarchy, but disagrees with petitioner's suggested solution. Respondent argues that the problem with the model match program identified by the petitioner is not solely caused by the COMPRESS code, but also by the Department's methodology in hand-coding viscosity levels in the program. Respondent argues that in addition to petitioner's recommendation, the Department must also alter the U.S. viscosity hand-coding section of the program to result in a more accurate model matching.

Department's Position: The Department agrees with both petitioner and respondent that there is a programming error with three models in the matching hierarchy. The Department has corrected the programming errors in the model matching hierarchy and the error in the hand coding section. However, the Department disagrees with petitioner and that the SAS function, COMPRESS, caused an improper sorting of models. The compress function is used to minimize space and has no impact on the model matching hierarchy.

Comment 7: Petitioner contends that only sales to the United States within the 12-month review period should be included in the model match program, and that the month code should be corrected. Respondent did not comment.

Department's Position: The Department agrees with petitioner and has corrected these programming errors.

Final Results of the Review

As a result of the comments received we have revised our analysis and determine that the following margins exist for the period July 1, 1996, through June 30, 1997:

Manufacturer/exporter	Margin (percent)
Wolff Walsrode AG (WWAG) ...	7.18

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between normal value and export price may vary from the percentages stated above. We have calculated a company-specific duty assessment rate based on the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of the same sales. The rate will be assessed uniformly on all entries of that particular company made during the POR. The Department will issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements will be effective for all shipments of industrial nitrocellulose from Germany, entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) the cash deposit rates for the reviewed company will be the rate for the firm as stated above; (2) if the exporter is not covered in this review, or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; (3) if the exporter is not a firm covered in this review, previous reviews, or the original LTFV investigation, but the manufacture 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 of this merchandise, the cash deposit rate will be 3.84 percent, the ''all others'' rate from the LTFV investigation. These cash deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

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

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

Dated: August 6, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–21789 Filed 8–12–98; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF COMMERCE

International Trade Administration

A–570–825

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

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

ACTION: Notice of final results of antidumping duty administrative review of sebacic acid from the People's Republic of China

SUMMARY: On April 9, 1998, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on sebacic acid from the People's Republic of China (PRC) (63 FR 17367). This review covers shipments of this merchandise to the United States during the period of July 1, 1996, through June 30, 1997. We gave interested parties an opportunity to comment on our preliminary results. Based upon our analysis of the comments received we have changed the results from those presented in the preliminary results of the review.

EFFECTIVE DATE: August 13, 1998.

FOR FURTHER INFORMATION CONTACT: Brandon Farlander or Stephen Jacques, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–0182 or (202) 482-1391, respectively.

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 in reference to the regulations, codified at 19 CFR Part 351 (62 FR 27295, May 19, 1997).

SUPPLEMENTARY INFORMATION:

Background

The Department published in the **Federal Register** an antidumping duty

order on sebacic acid from the PRC on July 14, 1994 (59 FR 35909). On July 21, 1997, the Department published in the **Federal Register** (62 FR 38973) a notice of opportunity to request an administrative review of the antidumping duty order on sebacic acid from the PRC covering the period July 1, 1996, through June 30, 1997. On July 29, 1997, Tianjin Chemicals Import and Export Corporation (''Tianjin''), Guangdong Chemicals Import and Export Corporation (''Guangdong''), and Sinochem International Chemicals Company, Ltd. (''SICC'') requested that we conduct an administrative review. Also, on July 29, 1997, Tianjin requested partial revocation of the antidumping duty order on sebacic acid from the PRC. On July 30, 1997, in accordance with 19 CFR 351.213(b), Union Camp requested that we conduct an administrative review of Tianjin, Guangdong, SICC, and Sinochem Jiangsu Import and Export Corporation. We published a notice of initiation of this antidumping duty administrative review on August 28, 1997 (62 FR 45621). The Department is conducting this administrative review in accordance with section 751 of the Act. Sinochem Jiangsu was mailed a questionnaire on August 30, 1997 but did not respond.

On April 9, 1998, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on sebacic acid from the PRC (63 FR 17367, April 9, 1998). We received written comments from three exporters of the subject merchandise: Tianjin, Guangdong, and SICC (collectively, respondents). We also received comments from the petitioner, Union Camp Corporation.

On May 28, 1998, the Department informed parties that respondents' May 11, 1998 case brief, and petitioner's May 11, 1998 case brief and May 18, 1998 rebuttal brief, contained untimely new information, pursuant to 19 CFR 351.301(b)(2), which requires that factual information be submitted not later than 140 days after the last day of the anniversary month. This untimely new factual information was stricken from the record of this review. On June 12, 1998, the Department informed parties that respondents' May 29, 1998 case brief, May 18, 1998 rebuttal brief, and petitioner's June 1, 1998 rebuttal brief contained untimely new information that was stricken from the record of this review. On July 31, 1998, the Department informed parties that presentations in the June 10, 1998 public hearing contained untimely new factual information that was stricken from the record of this review.

Tianjin requested partial revocation of the antidumping duty order on sebacic acid from the PRC pursuant to 19 CFR 351.222(b). However, we have determined in these final results a margin of 1.09 percent for Tianjin, which is above the Department's de minimis standard of 0.5 percent. Therefore, we determine that Tianjin has not met the requirements for revocation.

Scope of Review

The products covered by this order are all grades of sebacic acid, a dicarboxylic acid with the formula $(CH_2)8(COOH)2$, which include but are not limited to CP Grade (500ppm maximum ash, 25 maximum APHA color), Purified Grade (1000ppm maximum ash, 50 maximum APHA color), and Nylon Grade (500ppm maximum ash, 70 maximum ICV color). The principal difference between the grades is the quantity of ash and color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C10 dibasic acid. Sebacic acid is sold generally as a free-flowing powder/flake.

Sebacic acid has numerous industrial uses, including the production of nylon 6/10 (a polymer used for paintbrush and toothbrush bristles and paper machine felts), plasticizers, esters, automotive coolants, polyamides, polyester castings and films, inks and adhesives, lubricants, and polyurethane castings and coatings.

Sebacic acid is currently classifiable under subheading 2917.13.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding remains dispositive.

This review covers the period July 1, 1996, through June 30, 1997, and four exporters of Chinese sebacic acid.

Analysis of Comments Received

Comment 1: Surrogate value for 2-octanol (capryl alcohol). 1 (A) Octanol value in Chemical Weekly (Bombay, India). Petitioner argues that the octanol value in Chemical Weekly is for 1-octanol and not 2-octanol or 2-ethylhexanol. Petitioner questions the reliability of the letter from the editor of Chemical Weekly which was submitted by respondents and used by the Department for the preliminary results. The letter states that ''the octanol price referred by you corresponds to the more common 2-octanol (2 ethylhexanol).'' *See Preliminary Results of Antidumping Duty Administrative Review; Sebacic Acid from the PRC* 63 FR 17371 (April 9, 1998) and *Analysis Memorandum for the Preliminary Results of the 1996/1997 Review*, April 2, 1998, at Attachment 5. Petitioner contends that because respondents failed to provide for the record the original inquiry letter sent to the editor of Chemical Weekly, there is no evidence on the record to indicate whether the octanol price referred to in the inquiry letter to the editor corresponds to the octanol price in the Chemical Weekly. In addition, petitioner argues that there is no evidence on the record to indicate that the Chemical Weekly editor is sufficiently familiar with the chemical composition of the octanol product published in Chemical Weekly to declare that it is 2-octanol (2-ethylhexanol).

Respondents maintain that the Department correctly did not use a surrogate value for 1-octanol for the margin calculations (as suggested by petitioner), because the octanol value from the Chemical Weekly is for 2-ethylhexanol, which is another type of octanol, is the best available information.

Respondents argue that it is clear that the editor of Chemical Weekly was referring in his letter to the price quote for octanol in his own publication, and that the editor is knowledgeable about the price quotes for the various chemicals found in the Indian market. Respondents contend that the Chemical Weekly octanol price quote is for 2-ethylhexanol, which they assert is comparable in use and in value to 2-octanol. (See (B) below.)

Department's Position: 1 (A) Octanol value in Chemical Weekly (Bombay, India). We disagree with petitioner. Respondents submitted a letter written by the editor of Chemical Weekly stating that the reference to the octanol value in Chemical Weekly refers to 2-ethylhexanol, which is a type of octanol. *See* Attachment V of respondent's December 4, 1997 *PAPI submission* and Analysis Memorandum for the Preliminary Results of the 1996/1997 Review, April 2, 1998, at Attachment 5. Furthermore, contrary to petitioner's argument, respondents have placed a copy of the inquiry letter to the editor of Chemical Weekly on the record as an attachment to its rebuttal brief pursuant to the Department's request for this information. *See* Attachment to respondents' June 16, 1998 rebuttal brief. Finally, there is no evidence on the record suggesting that the editor of Chemical Weekly is unfamiliar with the basis of the values reported in his own publication. Therefore, based on the

above information, and absent any substantiated record evidence to the contrary, the Department determines that the octanol value from Chemical Weekly is for 2-ethylhexanol.

1 (B) Comparability between 1-octanol, 2-octanol, and 2-ethylhexanol. Petitioner argues that 2-ethylhexanol, which the Department used as a surrogate value for 2-octanol, is not a comparable product to 2-octanol based on evidence on the record. Petitioner asserts that the Court of International Trade (''CIT''), in both *Union Camp Corp.* v. *United States*, 941 F. Supp. 108, 113 (1996) and *Union Camp Corp.* v. *United States*, No. 97–03–00483, Slip Op. 98–38, (Ct. Int'l Trade, March 27, 1998), held that the Department's use of 1-octanol to value 2-octanol, based on its determination that 1-octanol was comparable to 2-octanol, was ''unsupported by substantial evidence on the record and not in accordance with law.'' *See* petitioner's June 1, 1998 case brief at 2–3. Also, petitioner argues that there is no substantial evidence on the record to indicate that 2-ethylhexanol is comparable to 2-octanol, which is a subsidiary product produced as a result of the Chinese sebacic acid production process. In addition, petitioner asserts that 2-ethylhexanol is a form of 1-octanol with a chemical formula of CH3(CH2)6CH2OH, which is different from 2-octanol's chemical formula of CH3(CH2)5CH2OCH3. Petitioner further alleges that the uses for 2-ethylhexanol and 2-octanol differ. In this point, petitioner notes that *Hawley's Condensed Chemical Dictionary, 12th ed.* (''Hawley's'') lists the following uses for 1-octanol: ''perfumery, cosmetics, organic synthesis, solvent manufacture of high-boiling esters, antifoaming agent, flavoring agent,'' page 848. Hawley's lists the following uses for 2-octanol: ''solvent, manufacture of plasticizers, wetting agents, foam control agents, hydraulic oils, petroleum additives, perfume intermediaries, masking of industrial odors.'' *Id.* at 848. Therefore, petitioner's argue that 2-ethylhexanol is not comparable to 2-octanol.

Respondents contend that the Chemical Weekly octanol price quote is for 2-ethylhexanol, and it is comparable in use and in value to 2-octanol. Respondents argue that 2-ethylhexanol and 2-octanol are both plasticizer-range alcohol chemicals that can be used interchangeably for certain applications and thus have some of the same uses. Respondents argue that an article (in their June 16, 1998 case brief, Exhibit 1) entitled, ''Alcohols, Higher Aliphatic,'' from *Kirk-Othmer Encyclopedia of Chemical Technology* (''Kirk-Othmer'') (1991), refers to all octanols as plasticizer-range alcohols and to 2-octanol as octanol. Respondents maintain that Hawley's indicates that all octanols, including 2-octanol and 2-ethylhexanol, are used interchangeably to produce esters which are used to produce plastics. Respondents also assert that the octanol price from Chemical Weekly, which respondents claim is 2-ethylhexanol, is priced lower in world markets than 2-octanol. Therefore, using the value of 2-ethylhexanol would not result in granting respondents an overstated by-product credit.

Respondents argue that the Department has not considered evidence on the record that 1-octanol and 2-octanol are interchangeable for certain uses and are used in the production of plasticizers, lube oils, and perfumes. Respondents request that the Department, in making its determination about which surrogate value to use in the final results, consider the uses and values of 1-octanol and 2-octanol, in light of the CIT's previous ruling that Commerce's determination that 1-octanol and 2-octanol were not comparable products solely because they have the same molecular structure. *See Union Camp Corp.* v. *United States*, No. 97–03–00483, Slip Op. 98–38, (Ct. Int'l Trade, March 27, 1998). Respondents contend that if the Department uses the petitioner's internal cost as the surrogate value, the petitioner, rather than the Department, will be controlling the dumping margins. Moreover, respondents will not know in the future whether a particular U.S. price will be considered a dumped price, because the petitioner's internal cost is not publicly available.

Petitioner asserts that there is no common usage for 1-octanol and 2-octanol listed in Hawley's. Petitioner argues that the Kirk-Othmer citation (the Alcohols, Higher Aliphatic article) submitted by respondents does not state that 2-octanol is referred to as an octanol or that all octanols are plasticizer range alcohols.

Department's Position: 1 (B) Comparability of 1-octanol, 2-octanol, and 2-ethylhexanol. We disagree with petitioner's contention that the CIT held in *Union Camp Corp.* v. *United States*, No. 97–03–00483, Slip Op. 98–38 (March 27, 1998), that 1-octanol and 2-octanol are not comparable. The CIT held that the Department's determination that 1-octanol and 2-octanol are comparable merchandise based solely on the fact the fact that the two chemicals have similar molecular structure was contrary to law because it was not based on a reasonable interpretation of the statute.

For the record of this review, however, we have substantial evidence on the record establishing that 2-ethylhexanol (also known as 2-ethylhexanol alcohol and octyl alcohol) and 2-octanol are comparable merchandise based on similar uses.

Respondents cite the Kirk-Othmer article, which states that chemical family members with 6–11 carbon atoms are known as plasticizer-range alcohols. *See* ''Alcohols, Higher Aliphatic,'' *Kirk-Othmer Encyclopedia of Chemical Technology* (''Kirk-Othmer'') at 865 (1991). All of the octanols, including 1-octanol, 2-octanol and 2-ethylhexanol, are plasticizer range alcohols with eight carbon atoms. Therefore, 1-octanol, 2-octanol and 2-ethylhexanol are physically similar.

Further, according to Kirk-Othmer, plasticizer-range alcohols are used primarily as ester derivatives in plasticizers and lubricants. *Id.* at 865. Respondents also submitted excerpts from Hawley's in their June 16, 1998 case brief demonstrating that 2-ethylhexanol, 1-octanol, and 2-octanol are comparable products with similar uses. Hawley's states that di(2-ethylhexyl) phthalate is created by mixing 2-ethylhexanol and phthalic anhydride and is used as a plasticizer for many resins and elastomers; thus, 2-ethylhexanol, when mixed with another chemical, is used as a plasticizer for many resins and elastomers. In addition, other data in Hawley's indicates that 1-octanol, 2-ethylhexanol and 2-octanol have similar uses.

Finally, in respondents' December 4, 1997 PAPI submission, Attachment 4, the *Chemical Marketing Reporter* (U.S.) (June 30, 1997) lists the following U.S. prices, in cents per pound: 2-ethylhexanol, $0.56; and 2-octanol, $0.68. These prices are evidence that 2-ethylhexanol may be priced lower than 2-octanol. Therefore, petitioner's argument that respondents are getting a higher co-product allocation with the use of the octanol value in *Chemical Weekly* is unfounded.

Based on the above information, we find that 2-ethylhexanol, 2-octanol, and 1-octanol are all comparable products. Therefore, given the Department's preference for publicly available surrogate values, we have concluded that the *Chemical Weekly* value for 2-ethylhexanol is the most appropriate surrogate value. Because the octanol value in *Chemical Weekly* is reported inclusive of taxes, we deducted taxes from the octanol value.

1 (C) Crude versus refined 2-octanol surrogate value. Petitioner asserts that

instead of the value from the *Chemical Weekly* used by the Department for the preliminary results, the Department should use the U.S. value for 2-octanol and deduct the inputs used to convert crude 2-octanol to refined 2-octanol. Petitioner argues that using the U.S. value for refined 2-octanol is consistent with the Department's practice of using a U.S. surrogate value, citing *Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the People's Republic of China,* 59 FR 55625, 55630 (November 8, 1994) (''*Cased Pencils*''). Respondents allege that the petitioner is selling crude 2-octanol at a much higher value than the value reported to the Department. Petitioner counters that the source of this information is suspect, because the respondent's source is not a qualified expert nor are his opinions objective, since he is employed by a firm which imports subject merchandise.

Next, respondents argue that the Department should grant a by-product credit for refined 2-octanol because the Chinese sebacic acid producers only sell refined 2-octanol and the additional factors of production for the refining of the subsidiary product have been reported to the Department. Therefore if the Department decides not to use the octanol value from Chemical Weekly, the Department should use a refined price for 2-octanol, because the Chinese producers sell refined 2-octanol not crude 2-octanol. Also, respondents state that the additional factors for converting crude 2-octanol into refined 2-octanol are already included in the sebacic acid factors of production. Respondents maintain that the Department requires that the additional factors of production for refining a by-product or co-product must be included in the factors of production reported to the Department before a subsidiary by-product credit(s) can be granted.

Respondents argue that, in past cases, the Department has granted a by-product or co-product credit when: (1) the foreign producer proves that the by-product or co-product was sold, and (2) the additional factors of production for the refining of the subsidiary product are reported to the Department, citing: *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China,* 62 FR 61964, 61997 (November 20, 1997); *Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke in Part: Silicon Metal from Brazil,* 62 FR 1954, 1964 (January 14, 1997); and *Final Determination of Sales at Less Than Fair Value: Strontium Nitrate from Italy,* 46 FR 25496 (May 7, 1981). Respondents also argue that the Department has used the sales price of the subsidiary product to determine whether it is a by-product or a co-product, citing: *Final Determination of Sales at Less Than Fair Value: Coumarin from the People's Republic of China,* 59 FR 66895, 66901 (December 28, 1994); *Final Determination of Sales at Less Than Fair Value: Brake Drums and Brake Rotors from the People's Republic of China,* 62 FR 9160, 9172 (February 28, 1997); *Magnesium Corp. of America v.* United States, 938 F. Supp. 885 (Ct. Int'l Trade, 1996). Respondents argue, that based on the above arguments, the Department should grant a by-product credit for refined 2-octanol and not crude 2-octanol.

Petitioner asserts that respondent should not receive a by-product credit for refined 2-octanol because respondents did not state in their submissions to the Department that the additional factors of production to convert crude 2-octanol to refined 2-octanol have already been included in the sebacic acid factors of production. Petitioner notes that there was no cite to the record and their review of respondents's Section D questionnaire response found no discussion of additional factors for refining 2-octanol. Therefore, petitioner maintains that, in the event that the Department uses the octanol value from Chemical Weekly, the Department should reduce the surrogate value by the purity levels at which each firm produces 2-octanol.

Department's Position: 1 (C) Crude versus refined 2-octanol surrogate value. We disagree with petitioner. Petitioner cites *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Plate from the People's Republic of China,* 62 FR 61964 (November 20, 1997), which states, ''(i)t is the Department's policy to only grant by-product credits for by-products actually produced directly as a result of the production process. A respondent must report the factors associated with the further refining of a by-product if it wishes to receive a credit for the further refined by-product.'' *Id.* at 61997. We note that, in contrast to petitioner's assertion, the sebacic acid factors of production used to calculate normal value (''NV'') already incorporate the relatively few factors of production (labor and energy) necessary to convert crude 2-octanol to refined 2-octanol. Production of sebacic acid results in the production of crude 2-octanol as a subsidiary product. The sebacic acid factors of production already include the factors of production used to refine 2-octanol and the other subsidiary products because the Chinese sebacic acid producers are unable to separate the additional factors of production used to convert crude subsidiary products into refined subsidiary products. For example, respondents state that, for producer Tianjin Zhong He, any additional factors of production to process crude 2-octanol to refine 2-octanol have already been reported to the Department and are included in the sebacic acid factors of production, because these additional factors of production cannot be separated from the sebacic acid factors of production. *See* respondents' January 20, 1998 supplemental questionnaire response at page 7. Moreover, at verification, we made certain that the additional factors of production to convert the crude subsidiary products into refined subsidiary products had either been reported to the Department or, if these additional factors of production had not been reported to the Department, we added these additional factors of production used to convert crude subsidiary products into refined subsidiary products to the reported sebacic acid factors of production. For example, we discovered at verification that the electricity used to convert crude glycerine into refined glycerine was not reported to the Department, but we added this additional electricity used to the reported sebacic acid factors of production. *See Verification report to the File,* page 13 (March 24, 1998).

Also, a more accurate by-product/co-product analysis results by using the refined value of 2-octanol rather than a crude value for 2-octanol. The Department's practice is to use the subsidiary product's sales value and factories' material yield amounts for determining the by-product/co-product analysis. In *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Sebacic Acid from the People's Republic of China,* 59 FR 565, 569 (January 5, 1994), the Department ''used surrogate values from India for sebacic acid, glycerine, caproyl (sic) alcohol, and fatty acid to determine the relative value of each product based on the production on one metric ton of sebacic acid, as well as to determine the total value of one metric ton of sebacic acid.'' Since the Chinese producers sell refined 2-octanol, as confirmed at verification, and they do not sell crude 2-octanol, we believe that it is more appropriate to apply the surrogate value of refined 2-octanol in conducting the by-product/co-product analysis. Moreover, there is a publicly published sales price on which we can base a surrogate value for

refined 2-octanol, which is the octanol value (2-ethylhexanol) from Chemical Weekly.

1 (D) Treatment of 2-octanol by Chinese producers. Petitioner contends that both it and respondent producers Handan Fuyan Sebacic Acid Factory, Tianjin Zhong He, and Hengshui Dongfeng Chemical Factory all treat 2-octanol as a by-product in their respective accounting systems. Therefore, petitioner argues that the Department should also treat 2-octanol as a by-product, rather than a co-product. Petitioner asked the Department to verify how the Chinese producers treat 2-octanol but the Department chose not verify how the Chinese producers treat 2-octanol. Petitioner claims that because the Department used what petitioner suggests to be the value of 1-octanol to value 2-octanol in the preliminary results, the Department incorrectly determined 2-octanol to be a co-product rather than a by-product of the sebacic acid production process. Petitioner cites to *Preliminary Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China* (''Carbon Steel Plate''), 62 FR 31972, 31977 (June 11, 1997), where the Department determined that slag is a by-product and not a co-product, using a U.S. value for slag when surrogate values for slag in India or Indonesia were aberrationally high.

Respondents argue that the Chinese producers do not view 2-octanol as a by-product and such characterization was made by their counsel and not by the producers themselves. Whether Chinese producers classify 2-octanol as a by-product or a co-product, respondents argue, is only relevant in the context of the Chinese accounting system and the relationship of the costs of 2-octanol to the actual Chinese sebacic acid production costs. Respondents contend that the Department determines whether 2-octanol is a by-product or co-product based on the surrogate values used and not based on recorded Chinese costs. Respondents dismiss petitioner's citation of the *Carbon Steel Plate* case because it addresses a specific by-product and provides no guidance as to whether a specific subsidiary product is either a by-product or a co-product.

Department's Position: 1 (D) Treatment of 2-octanol by Chinese producers. We disagree with petitioner. Petitioner cited *Carbon Steel Plate* to support their position that the Department should use the U.S. 2-octanol value instead of the allegedly high octanol value from Chemical Weekly, which petitioner suggests is 1-octanol. We disagree with petitioner's reliance on the above case because the evidence on the record confirms that the octanol value in Chemical Weekly is for 2-ethylhexanol.

We determine whether a subsidiary product is either a by-product or a co-product by comparing the subsidiary products' surrogate value to the value of the subject merchandise. If we determine that the surrogate value of the subsidiary product was significant relative to the surrogate value of subject merchandise, we treat the subsidiary product as a co-product; otherwise, we treat it as a by-product. We do not determine if a subsidiary product is a by-product or co-product based on how a particular company classifies the subsidiary product in its accounting records. Therefore, the treatment of 2-octanol by Chinese producers or by the U.S. producer of sebacic acid is irrelevant to the Department's analysis. This is precisely why the Department did not verify how the Chinese producer Hengshui classifies 2-octanol. In this case, the Department determines that 2-octanol is a co-product, because its value is significant relative to the surrogate value of sebacic acid.

1 (E) Use of an exact match. Petitioner argues that the Department should use the U.S. value of 2-octanol because it is an exact product match, instead of the octanol value (2-ethylhexanol) from the Chemical Weekly. Petitioner contends that past Department practice supports the use of a U.S. value for 2-octanol, in accordance with *Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the People's Republic of China,* 59 FR 55625, 55630 (November 8, 1994) (''*Cased Pencils*''); *Union Camp Corp.* v. *United States*, 941 F. Supp. 108, 113 (1996) (''*Union Camp I*''); *Union Camp Corp.* v. *United States*, No. 97–03–00483, Slip Op. 98–38 (1998)(''*Union Camp II*''); and *Writing Instruments Mfrs. Assoc.* v. *United States*, 984 F. Supp. 629 (Ct. Int'l Trade, 1997), appeal docketed, Nos. 981178, 981292 (Fed. Cir., January 9, 1998 and January 21, 1998). In contrast, petitioner asserts that the product associated with the Chemical Weekly value (which petitioner suggests may be 1-octanol) is ''not even 'quite similar' to 2-octanol either chemically or commercially.''

Respondents argue that 2-ethylhexanol (which respondents contend to be the product with which the Chemical Weekly value is associated) and 2-octanol are comparable in both use and value and, therefore, the Department should use the surrogate value 2-ethylhexanol. Respondents note that 2-ethylhexanol is produced in the surrogate country. Respondents state that the Department should not use an identical surrogate value match from the U.S. for 2-octanol when a surrogate value for a comparable product is available from India, the chosen surrogate country used in this review.

Department's Position: 1 (E) Use of an exact match. We disagree with petitioner. In valuing factors of production, the Department used surrogate values from India. In accordance with section 773(c)(4) of the Act, the Department chose India as its surrogate, because it was most comparable to the PRC in terms of overall economic development based on per capita gross national product (GNP), the national distribution of labor, growth rate in per capita GNP, and because it was a significant producer of comparable merchandise (oxalic acid). As noted in Comment 4 below, both petitioner and respondent do not object to the Department's use of India as the surrogate country.

Section 773(c)(4) of the statute and 19 CFR 351.408 of the Department's regulations instruct the Department to value factors of production in an appropriate surrogate country. The Department rarely departs from use of a surrogate value from a country comparable to the NME in terms of overall economic development. *See Final Determination of Sales at Less Than Fair Value: Beryllium Metal and High Beryllium Alloys from the Republic of Kazakstan,* 62 FR 2648 (January 17, 1997). Surrogate values from countries at a similar level of development are considered to be the most appropriate and comparable for valuation of the factors in the similarly situated nonmarket economy country. While the Department may use values from the United States or other countries not at a comparable level of development for individual factors, its practice is to do so only if it cannot find those values in a comparable economy that produce comparable merchandise. *See Memorandum from David Mueller to Laurie Parkhill, Serbacic (sic) Acid from the People's Republic of China: Nonmarket Economy Status and Surrogate Country Selection,* March 4, 1996.

In this review, the Department was unable to locate an Indian value for 2-octanol in India, the surrogate country. Additionally, neither the petitioner nor the respondents were able to locate a specific Indian value for 2-octanol.

Petitioner cites *Cased Pencils* and the *Union Camp I* and *Union Camp II* court decisions to support their position that the Department should use the U.S. 2-octanol value instead of the octanol

value from Chemical Weekly for a surrogate value for 2-octanol. In *Cased Pencils*, the Department used a U.S. value (basswood) as the surrogate value that was ''most similar'' (*Id.* at 55630) instead of an Indian value (a basket category of woods which included jelutong) which was ''quite similar'' to the Chinese product (lindenwood) (*Id.* at 55629). In the *Cased Pencils* case, wood is the most significant input, and jelutong, which was in the basket category of Indian import values, was priced ''much higher than the most comparable wood.'' *Id.* at 55630. Because of these case specific reasons, the Department selected a U.S. surrogate value instead of a surrogate value from a country that is at a comparable level of economic development. We disagree with petitioner that the situation here is the same for selecting a surrogate value for 2-octanol. For the valuation of 2-octanol, India has been determined to be a significant producer of comparable merchandise and India is economically comparable to the People's Republic of China in the following: per capita gross domestic product (GDP), growth rate in per capita GDP, and the national distribution of labor. *See Analysis Memorandum for the Preliminary Results of the 1996/1997 Review,* April 2, 1998, page 2. Also, the octanol in Chemical Weekly (2-ethylhexanol) and 2-octanol are comparable merchandise. *See* Department's Position (B). Because we have a suitable value from India, the Department need not, and, indeed, should not, use a U.S. surrogate value.

Comment 2: Ministerial errors alleged by petitioner. Petitioner maintains that the Department should correct certain alleged ministerial errors discussed in the Department's *Analysis Memorandum for the Preliminary Results of the 1996/1997 Review,* April 2, 1998, namely: (1) for both Tianjin/Hengshui and SICC/Hengshui, profit was incorrectly calculated by multiplying profit by COM and not COP; (2) for the caustic soda surrogate value, taxes were incorrectly deducted twice; (3) for the method of allocation—coal sections, the amount of coal used was misallocated; (4) for ocean freight rates, the rates for sales 5, 6, 7, 9, and 10 for Tianjin were miscalculated; (5) for the glycerine and fatty acid by-products, by-product credits need to be adjusted by each producers respective purity level; (6) for the truck freight inflator, the WPI inflator used is incorrect; (7) for the surrogate value for castor seed cake, use the castor seed cake surrogate value from the Economic Times; (8) for water, include it as a factor of production; (9) for the coal inflator, correct the WPI inflator used to calculate coal and use the WPI inflator for the SICC/Hengshui coal calculation.

Respondents disagree with petitioner's assertions concerning the following alleged ministerial errors: (1) the profit calculation for SICC/Hengshui and Tianjin/Hengshui is calculated correctly; (5) use an average of the crude and refined glycerine values because the Department has already included the factors of production to convert crude glycerine to refined glycerine in the sebacic acid factors of production; and (8) water is not a separate factor of production since water is already included in the factory overhead calculations from the Reserve Bank of India for the chemical industry.

Department's Position: We agree with petitioner concerning alleged errors #2, 3, 4, 6, 7, 9 and have corrected these errors. We disagree with petitioner concerning alleged errors #1, 5, and 8. With respect to the calculation of profit as a percentage of COP (alleged error #1), profit was calculated as a percentage of COP for both Tianjin/Hengshui and SICC/Hengshui. *See Analysis Memorandum for the Preliminary Results of the 1996/1997 Review,* April 2, 1998, page 19i. With respect to the subsidiary products' surrogate value (alleged error #5), as mentioned in the Comment 1, (C) above, any additional factors of production to convert crude subsidiary products into refined subsidiary products are already included in the sebacic acid factors of production. Therefore, we are granting either by-product credits or co-product allocations based on the refined value and not a crude value of the subsidiary products. With respect to water being considered as a separate factor of production (alleged error #8), as we have established in many Chinese chemical dumping cases, such as in *Final Determination of Sales at Less Than Fair Value, Polyvinyl Alcohol from the People's Republic of China,* 61 FR 14058 (March 29, 1996); *Final Results of Antidumping Review for Sebacic Acid from the People's Republic of China,* 62 FR 65674 (December 15, 1997); *Final Results of Antidumping Review for Sebacic Acid from the People's Republic of China,* 62 FR 10530 (March 7, 1997), *Final Determination of Sales at Less Than Fair Value, Sulfur Dyes, Including Sulfur Vat Dyes from the People's Republic of China,* 58 FR 7537 (February 8, 1993); and *Final Results of Antidumping Review for Sulfanilic Acid from the People's Republic of China,* 62 FR 48597 (September 16, 1997), we did not value water as a separate factor of production but relied instead on factory overhead data that reflected water costs. *In Preliminary Determination of Sales at Less Than Fair Value: Freshwater Crawfish Tail Meat,* 62 FR 14392 (March 26, 1997), water was considered a separate factor of production because it is an agricultural product that uses a large amount of water to clean and boil the crawfish to extract the tail meat and to operate the freezer. For sebacic acid, as in the other Chinese chemical case mentioned above, water is considered part of the factory overhead data in the *Reserve Bank of India.* Therefore, we determine that, in this case, water is not a separate factor of production. While we agree with petitioner that, for Hengshui, taxes were incorrectly deducted twice for caustic soda (alleged error #2), we note that the result of this correction is a value of 5.5 Rs/kg and not the 4.43 Rs/kg value submitted by petitioner.

Comment 3: Ministerial errors alleged by respondents. Respondents maintain that the Department should correct certain ministerial errors discussed in the Department's *Analysis Memorandum for the Preliminary Results of the 1996/1997 Review,* April 2, 1998, namely: (1) for Hengshui, the plastic inner bag consumption per sebacic acid metric ton was overstated; (2) for Tianjin, the weighted-average margin was calculated incorrectly; and (3) ocean freight charge was calculated incorrectly by dividing by 17.5 metric tons instead of 18 metric tons for most of the shipments via a NME carrier.

Petitioner did not comment on respondents' ministerial error allegations.

Department's Position: We agree with respondents' allegations with regard to errors # 2, and 3, and have corrected these errors. With respect to the calculation of the amount of plastic bags consumed at Tianjin/Hengshui (alleged error #1), we disagree. We discovered at verification at Tianjin/Hengshui that sale #8 did not use any plastic bags but instead used only woven bags. Consequently, we divided the total plastic inner bag weight for all sales except sale #8 by the total weight of the sebacic acid shipped in plastic bags. Then, we added the weight of the woven bags used for shipment for sale #8 to the total weight of woven bags used for the shipment for all other sales except sale #8 and divided the total weight of the woven bags used by the total amount of sebacic acid shipped for all sales. *See Analysis Memorandum for the Preliminary Results of the 1996/1997 Review,* April 2, 1998, pages 2–3. Therefore, for the final results, we have made no further adjustment to

Hengshui's reported plastic inner bag consumption figure.

Comment 4: Use of India as the surrogate country. Respondent argues that petitioner has stated that India is not an appropriate surrogate country and that the Department should use either Japan or the United States as an appropriate surrogate country.

Petitioner states that it does not object to use of India as the surrogate country for this administrative review.

Department's Position: Since there is no argument as to which surrogate country to use, the Department will continue to use India as the surrogate country for this administrative review.

Final Results of Review

For Sinochem Jiangsu, which failed to respond to the questionnaire, we have not granted a separate rate and the country-wide rate will apply to all of its sales.

As a result of our review of the comments received, we have changed the results from those presented in our preliminary results of the review. Therefore, we determine that the following margins exists as a result of our review:

Manufacturer/exporter	Time period	Margin (percent)
Tianjin Chemicals I/E Corp	7/01/96–6/30/97	1.09
Sinochem International Chemicals Corp	7/01/96–6/30/97	0.11
Guangdong Chemicals I/E Corp	7/01/96–6/30/97	10.18
Country-Wide Rate	7/01/96–6/30/97	243.40
Sinochem Jiangsu I/E Corp	7/01/96–6/30/97	243.40

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions on each exporter directly to the Customs Service. For assessment purposes, we have calculated importer specific duty assessment rates for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales during the POR to the total entered value of sales examined during the POR.

Furthermore, the following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Act: (1) for the reviewed companies named above which have separate rates (SICC, Tianjin, and Guangdong), the cash deposit rates will be the rates for those firms established in the final results of this administrative review; (2) for companies previously found to be entitled to a separate rate and for which no review was requested, the cash deposit rates will be the rate established in the most recent review of that company; (3) for all other PRC exporters of subject merchandise, the cash deposit rates will be the PRC country-wide rate indicated above; and (4) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification of Interested Parties

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) 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 determination is issued and published in accordance with section 751(a)(1) and 777(i)(1) of the Act.

Dated: August 7, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

Export Trade Certificate of Review

ACTION: Notice of Application to Amend Certificate.

SUMMARY: The Office of Export Trading Company Affairs (''OETCA''), International Trade Administration, Department of Commerce, has received an application to amend an Export Trade Certificate of Review (''Certificate''). This notice summarizes the proposed amendment and requests comments relevant to whether the Certificate should be issued.

FOR FURTHER INFORMATION CONTACT: Morton Schnabel, Director, Office of Export Trading Company Affairs, International Trade Administration, (202) 482–5131. This is not a toll-free number.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4001–21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. An Export Trade Certificate of Review protects the holder and the members identified in the Certificate from state and federal government antitrust actions and from private treble damage antitrust actions for the export conduct specified in the Certificate and carried out in compliance with its terms and conditions. Section 302(b)(1) of the Export Trading Company Act of 1982 and 15 CFR 325.6(a) require the Secretary to publish a notice in the **Federal Register** identifying the applicant and summarizing its proposed export conduct.

Request for Public Comments

Interested parties may submit written comments relevant to the determination whether an amended Certificate should be issued. If the comments include any privileged or confidential business information, it must be clearly marked and a nonconfidential version of the comments (identified as such) should be included. Any comments not marked privileged or confidential business information will be deemed to be nonconfidential. An original and five copies, plus two copies of the nonconfidential version, should be submitted no later than 20 days after the date of this notice to: Office of Export Trading Company Affairs, International Trade Administration, Department of Commerce, Room 1800H, Washington D.C. 20230. Information submitted by