Comment 17: Petitioners state that the Department incorrectly multiplied the U.S. warranty expenses by the exchange rate on Trading's U.S. sales twice.

Department's Position: We agree. For the final results, the Department will correct the margin calculation program.

Comment 18: Petitioners state that the Department mistakenly added three incorrect programming lines to its standard margin calculation program which is simply a ministerial error. However, petitioners note that the middle line should be kept and inserted at different places in the program.

Respondent asserts that the Department's apportionment of U.S. selling expenses to U.S. sales in the computer lines in question are correct. However, to avoid double-counting U.S. selling expenses, direct and indirect, it is necessary to apply a ratio which counts only the expenses which have not already been deducted as U.S. further manufacturing G&A costs.

Department's Position: We agree with petitioners that the Department in its preliminary results inadvertently included this language in its computer program. However, we disagree with the petitioners that the Department should keep the middle line in order to properly calculate the home market indirect selling expense cap. For the final results, the Department will drop these three lines from its computer program. The program as written applies a ratio of U.S. selling (direct and indirect) expenses, where appropriate, to the ESP cap and offset section of our programming. The program will not be double-counting thoses U.S. selling expenses which BHP reported for ESP transactions with further manufacturing costs. For a full discussion of how we treated these specific programming changes in this review, see the Final Analysis Memorandum for this review, which is on file in room B–099 of the main building of the Commerce Department.

Comment 19: Petitioners state that the U.S. packing costs for all further manufactured sales are reported in U.S. dollars per short ton. However, the program incorrectly multiplies these U.S. dollar amounts by the exchange rate in calculating Foreign Unit Price in Dollars (FUPDOL).

Department's Position: We agree. For the final results, the Department will correct section 2 of the margin calculation program and will not multiply the U.S. packing costs by the exchange rate when calculating FUPDOL.

Comment 20: Petitioners state that in the preliminary results the Department applied BIA to sales from Building Products that had missing customer codes and customer level of trade information. Petitioners argue that the Department should apply the higher of either the margin from the investigation, or highest non-aberrant margin to these sales.

Department's Position: For certain sales, Building Products did not report customer level of trade and customer code in its database. Therefore, we were unable to match these sales to the home market database in the preliminary results, and we applied the final weighted-average margin from the less than fair value (LTFV) investigation as BIA. However, for the final results, in accordance with *AFBs* and Department practice we are using the highest weighted-average margin from this review for these sales.

Final Results of Review

As a result of this review, we have determined that the following margin exists for the period February 2, 1993, through July 31, 1994:

Manufacturer/Exporter	Margin (percent)
BHP	39.11

The Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. The Department shall issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements shall be effective, upon publication of this notice of final results of administrative review, for all shipments of the subject merchandise from Australia that are entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(1) of the Tariff Act: (1) the cash deposit rate for BHP will be the rate established above; (2) for previously investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 24.96 percent, the all others rate established in the final results of the less than fair value investigation (58 FR 44161, August 19, 1993).

The 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 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 notice 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 in accordance with section 353.34(d) of the Department's regulations. Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulation and the terms of an APO is a sanctionable violation.

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

Dated: March 20, 1996.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 96–7615 Filed 3–28–96; 8:45 am]

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[A–570–842]

Notice of Final Determination of Sales at Less Than Fair Value; Polyvinyl Alcohol From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Commerce.

EFFECTIVE DATE: March 29, 1996.

FOR FURTHER INFORMATION CONTACT: Everett Kelly or David J. Goldberger, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–4194 or (202) 482–4136, 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 Rounds Agreements Act (URAA).

Final Determination

As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, the deadline for the final determination in this investigation has been extended by 28 days, i.e., one day for each day (or partial day) the Department was closed. As such, the deadline for this final determination is no later than March 21, 1996.

We determine that polyvinyl alcohol (PVA) from the People's Republic of China (PRC) is being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination on October 2, 1995 (60 FR 52647, October 10, 1995), the following events have occurred:

On October 13 and 17, 1995, Guangxi GITIC Import and Export Corporation (Guangxi), Guangxi Vinylon Plant (Guangxi Vinylon) and Sinopec Sichuan Vinylon Works (Sichuan), respectively, requested a postponement of the final determination pursuant to 19 CFR 353.20. The Department has determined that such requests contain an implied request to extend the provisional measures period, during which liquidation is suspended, to six months (*see Extension of Provisional Measures* memorandum dated February 7, 1996). Accordingly, on October 19, 1995, the Department postponed the final determination until February 22, 1996. (*Postponement of Final Antidumping Duty Determinations: Polyvinyl Alcohol from Japan, Taiwan, and the People's Republic of China* 60 FR 54667, October 25, 1995).

On November 3, 1995, Isolyser Co., Inc. (Isolyser), an importer of the subject merchandise, entered an appearance in this investigation, and submitted a request for clarification to the scope of this investigation, to exclude PVA fiber.

On November 20, 1995, in response to concerns of Isolyser, petitioner clarified that the scope does not include polyvinyl alcohol fiber.

In October and November, we verified the respondents' questionnaire responses. Additional publicly available published information (PAPI) on surrogate values was submitted by petitioner and respondents on January 19, 1996. Petitioner, respondents, and Isolyser submitted case briefs on January 30, 1996. Petitioner and respondents filed rebuttal briefs on February 6, 1996. A public hearing was held on February 14, 1996.

Scope of Investigation

The merchandise under investigation is polyvinyl alcohol. Polyvinyl alcohol is a dry, white to cream-colored, water-soluble synthetic polymer. Excluded from this investigation are polyvinyl alcohols covalently bonded with acetoacetylate, carboxylic acid, or sulfonic acid uniformly present on all polymer chains in a concentration equal to or greater than two mole percent, and polyvinyl alcohols covalently bonded with silane uniformly present on all polymer chains in a concentration equal to or greater than one-tenth of one mole percent. Polyvinyl alcohol in fiber form is not included in the scope of this investigation.

The merchandise under investigation is currently classifiable under subheading 3905.30.00 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The period of investigation is October 1, 1994, through March 31, 1995.

Separate Rates

As stated in our preliminary determination, the PRC is a non-market economy (NME). Each of the responding PRC exporters, Sichuan and Guangxi, has requested a separate, company-specific rate. According to both respondents' business licenses, each is ''owned by all the people''. As stated in the *Final Determination of Sales at Less than Fair Value: Silicon Carbide from the People's Republic of China* 59 FR 22585, (May 2, 1994) (*Silicon Carbide*), and the *Final Determination of Sales at Less than Fair Value: Furfuryl Alcohol from the People's Republic of China* 60 FR 22545 (May 8, 1995) (*Furfuryl Alcohol*), ownership of a company by all the people does not, in itself, require the application of a single PRC-wide rate. Accordingly, both respondents are eligible for consideration for a separate rate.

To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China* 56 FR 20588 (May 6, 1991) (*Sparklers*) and amplified in *Silicon Carbide.* Under the separate rates criteria, the Department assigns separate rates in nonmarket economy cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

1. Absence of De Jure Control

The respondents have placed on the administrative record a number of documents to demonstrate absence of *de jure* control, including laws, regulations and provisions enacted by the State Council of the central government of the PRC. Respondents have also submitted documents which establish that PVA is not included on the list of products that may be subject to central government export constraints (*Export Provisions*). The Department has reviewed these and other enactments in prior cases and has previously determined that these laws indicate that the responsibility for managing state-owned enterprises has been shifted from the government to the enterprise itself (See *Silicon Carbide* and *Furfuryl Alcohol*).

However, as stated in previous cases, there is some evidence that the PRC central government enactments have not been implemented uniformly among different sectors and/or jurisdictions in the PRC (See *Silicon Carbide* and *Furfuryl Alcohol*). Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

2. Absence of De Facto Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices are set by or subject to the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding

disposition of profits or financing of losses (*see Silicon Carbide* and *Furfuryl Alcohol*).

Each respondent has asserted the following: (1) it establishes its own export prices; (2) it negotiates contracts, without guidance from any governmental entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales, uses profits according to its business needs and has the authority to sell its assets and to obtain loans. In addition, respondents' questionnaire responses indicate that company-specific pricing during the POI does not suggest coordination among exporters. During verification proceedings, Department officials viewed such evidence as sales documents, company correspondence, and bank statements. This information supports a finding that there is a *de facto* absence of governmental control of export functions. Consequently, we have determined that Sichuan and Guangxi have met the criteria for the application of separate rates (*see,* also Comment 1 under *Interested Party Comments* section below).

Fair Value Comparisons

To determine whether sales of PVA from the PRC to the United States by Guangxi and Sichuan were made at less than fair value, we compared Export Price (EP) to the Normal Value (NV), as specified in the ''Export Price'' and ''Normal Value'' sections of this notice.

Export Price

For both Guangxi and Sichuan, we calculated EP in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and because constructed export price under section 772(b) is not otherwise warranted on the basis of the facts of this investigation.

Petitioner has claimed that certain U.S. customers of the respondents are affiliated with respondents, pursuant to section 771(33) of the Act, through common PRC government control. However, there is no information on the record that supports the claim that the U.S. customers are affiliated with the PRC government. Further, respondents have been deemed free of government control. Therefore, we find no basis to consider these customers as affiliated with respondents.

We calculated EP based on packed, FOB PRC port or CIF U.S. port prices to unaffiliated purchasers in the United States, as appropriate, based on the same methodologies in the preliminary determination with the following exceptions:

We excluded all U.S. sales by Sichuan and Guangxi that were reported as having been made through third country resellers, as we determined that, at the time of sale, respondents were unaware of the final destination of the subject merchandise (*see* Comment 6). For Guangxi, we valued ocean freight based on the actual price paid for this expense, as we determined at verification that Guangxi used market economy carriers and paid with market economy currencies. We also included in the final determination a sale by Guangxi that was excluded from our preliminary determination, because we verified that this sale was, in fact, made during the POI.

Normal Value

As in our preliminary determination, we are relying on India as the surrogate country in accordance with section 773(c)(4) of the Act. Accordingly, we have continued to calculate normal value (NV) using Indian prices for the PRC producers' factors of production. We have obtained and relied on published, publicly-available information wherever possible.

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by Sichuan, and by Guangxi Vinylon, which produced the PVA for Guangxi. To calculate NV, the reported unit factor quantities were multiplied by Indian values. Except as noted below, we applied surrogate values to the factors of production in the same manner as in our preliminary determination. For a complete discussion of surrogate values, *see Valuation Memorandum*, dated March 21, 1996. We then added amounts for overhead, general expenses (including interest) and profit, based on the experience of two Indian PVA producers (*see* also Comment 3), and packing expenses.

For both Sichuan and Guangxi, we have corrected the affected factors of consumption to reflect verification results. For Sichuan, these revisions include changes to PVA production stage based on actual PVA production levels, rather than the standards of the industry, (*see* Comment 8), and changes to the acetic acid consumption factors to net out regained acetic acid. For Guangxi, we revised calcium carbide factors to reflect actual rather than standard consumption (*see* Comment 7).

All-Others Rate

The Department requested the PRC Ministry of Foreign Trade and Economic Corporation (MOFTEC) to identify all exporters of subject merchandise. MOFTEC identified two PRC companies as the only known PRC exporters of PVA to the United States during the POI. Both of these identified exporters have responded in this investigation, and both were found to meet the criteria for application of separate rates. We compared the respondents' sales data with U.S. import statistics for time periods including the POI, and found no indication of unreported sales, with the possible exception of re-sales made by a third country reseller. This reseller was not investigated as a respondent in this proceeding because it was not identified as a potential respondent until after the preliminary determination. All known PRC exporters responded to our questionnaires and qualified for separate rates. We have no evidence that there are any other PRC exporters that may be subject to common government control. Therefore, we have not calculated a PRC-Wide rate in this investigation. We have calculated an all-others rate in accordance with section 735 (c)(5) of the Act.

Verification

As provided in section 776(b) of the Act, we verified the information submitted by respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by respondents.

Interested Party Comments

Comment 1: Separate Rate for Sichuan Vinylon

Petitioner states that Sichuan did not demonstrate the absence of *de jure* or *de facto* governmental control and thus should not be granted a separate rate. Petitioner claims the Department found evidence at verification to indicate a relationship between Sichuan and China National Petrochemical Corporation (Sinopec), which petitioner identifies as a state-owned petroleum company. According to the petitioner, as Sichuan is a subsidiary of Sinopec, the Department's analysis of *de jure* and *de facto* governmental control should have been at the Sinopec level. Further, petitioner contends that Sichuan's questionnaire response should be considered incomplete and incorrect, since it did not disclose its business relationship with Sinopec. Therefore, petitioner asserts that the Department should rely on the facts available for calculating a margin for Sichuan, Sinopec and all other PRC entities except Guangxi.

Sichuan argues that, at the outset of this investigation, it fully disclosed its past relationship with Sinopec. Sichuan argues that, under recent PRC law, Sichuan is an independent legal person with its own management and is not related to any level of government or to Sinopec. Additionally, Sichuan states that, in past cases, the Department recognized the 1988 laws and the 1992 regulations as sufficient evidence of the absence of *de jure* government control. Further, Sichuan asserts that verification revealed no evidence of affiliation with Sinopec or *de facto* governmental control. Additionally, Sichuan contends that the name Sinopec is attached to Sichuan Vinylon Works only as a trademark used for international business recognition, a practice used by other PRC companies, and not as an indication of a continued business relationship.

DOC Position

We have calculated a separate margin rate for Sichuan. All evidence on the record supports Sichuan's assertion that there is no current relationship between Sichuan and Sinopec. Accordingly, examination of whether Sinopec was subject to government control was not necessary in considering whether to give Sichuan a separate rate. At verification, we reviewed a wide variety of sales documents including contracts, invoices, records of payments, and correspondence and found that Sichuan acted independently from Sinopec and any other entities in its day to day business activities. We found that Sichuan officials made all decisions regarding sales pricing and contracting, appointment of management personnel, and disposition of profits, and that these decisions were neither reviewed nor approved by Sinopec or any other entity. Accordingly, we determine that Sichuan has satisfactorily met the Department's criteria for showing an absence of *de jure* and *de facto* governmental control.

Comment 2: Separate Like Product for Certain PVA Grades

Isolyser, an importer of the subject merchandise, asserts that PVA hydrolyzed at a level of 98% should be considered a separate domestic like product. Thus, Isolyser contends that the Department should calculate a separate antidumping margin for PVA with a hydrolysis level of at least 98% in order for the International Trade Commission (ITC) to analyze the magnitude of the domestic margin on the domestic producers for each specific like product.

DOC Position

There is no evidence on the record to show that PVA hydrolyzed at a 98% level has physical characteristics and uses different from the subject merchandise for separate consideration as a domestic like product pursuant to section 771(10) of the Act. Therefore, we are rejecting Isolyser's request.

Comment 3: Application of Factory Overhead

Petitioner claims that the Department understated NV for both Sichuan and Guangxi in the preliminary determination by applying factory overhead only at the final stage of production, rather than to the upstream stages of the vertically integrated production processes. Petitioner argues that both respondents incur overhead costs throughout the production process, rather than simply at the final stage, because both are involved in processing and producing many of the inputs used in PVA production. Petitioner contends that the Indian PVA manufacturers are not as vertically integrated as the PRC respondents and thus the factory overhead percentage derived from the Indian companies' financial statements does not fully capture the factory overhead incurred by the PRC producers. In order to fully account for the overhead incurred, petitioners claim that an appropriate surrogate factory overhead percentage must be applied to both respondents at each upstream stage of production.

Sichuan and Guangxi argue that if factory overhead were applied to each stage of production, the Department would engage in ''double counting.'' Each respondent states that its production processes are continuous and although overhead costs are incurred throughout, by applying the overhead percentage to the factors of production at the final stage, the Department captures the total overhead cost for the entire production process.

DOC Position

We disagree with the petitioner. Our analysis of the information on the record, including the financial statements of the Indian PVA producers, does not support the assumptions made by petitioner regarding the level of vertical integration of the Indian surrogate PVA producers. There is no evidence on the record to indicate that the Indian producers are any less vertically integrated than the PRC PVA producers.

To support its claim, petitioner states that the Indian producers must purchase such inputs as acetylene gas, oxygen, nitrogen, and treated water, while the PRC producers manufacture or process these materials themselves. However, the Indian financial statements state only that the Indian producers consume such inputs, but contain no information as to whether or not such consumption is derived from internal manufacture or outside manufacture. Further analysis of these documents indicates that the Indian producers have considerable investment in PVA production facilities. Such investment may, in fact, represent vertical integration at the same level or close to that of the PRC producers.

There is no basis to assume that applying factory overhead percentage once, at the final stage of production of the PRC producers, undervalues factory overhead. By applying the factory overhead to the final stage of production we have captured all appropriate factory overhead expenses incurred in the manufacture of PVA. Therefore, we have continued our preliminary determination methodology for calculating overhead expenses.

Comment 4: Surrogate Value Source for Factory Overhead, General Expenses and Profit

Petitioner contends that the Department should continue to rely on the Annual Report of VAM Organic Chemicals Ltd. (VAM Organic), an Indian producer of VAM and PVA, as the sole source to calculate factory overhead, general expenses, and profit. Petitioner argues that VAM Organic produces mostly VAM and PVA, and its experience is the most comparable among available sources to that of the PRC producers. Petitioner argues further that the VAM Organic report is more representative of the PRC industry experience than the financial statement of a second Indian producer, Polychem Limited (Polychem), because PVA related production is a relatively smaller part of Polychem's business. If, however, the Department were to consider using both VAM Organic and Polychem data, petitioner contends that the data should be weight-averaged based on the production of VAM and PVA at each company.

Sichuan contends that the surrogate value used for factory overhead, general expenses and profit should be based on the experience of India's chemical industry as a whole, using aggregate data compiled by the Reserve Bank of India (RBI), as applied in past Department cases (*see, e.g., Saccharin*). Sichuan contends that this data is more representative than the data from VAM Organic, which Sichuan claims is aberrational. Sichuan's next preferred methodology is to base these surrogate

values on Polychem's experience as Polychem's total PVA sales and VAM sales are greater than the total sales of VAM Organic's PVA and VAM sales, and thus Polychem's experience is more representative of the Indian experience. Finally, Sichuan contends that if the Department chooses to use both VAM Organic and Polychem data, the data should be weight-averaged based on each company's total sales volume of PVA.

DOC Position

For valuing such factors as factory overhead, general and administrative expenses and profit, the Department seeks to base surrogate values on industry experience closest to the product under investigation. In this case, we have information from two producers of the subject merchandise. Thus, there is no need to rely on the experience of the chemical industry as a whole. Between the two Indian producers, we found no significant difference in the quality and representativeness of the data contained in the financial statements. Thus we find both Polychem and VAM Organic to be equally representative of the PVA industry in India. Because there is nothing in this case to indicate that one factor (*i.e.* sales volume or production volume) is more important than the other in valuing factory overhead, general and administrative expenses and profit, we determine that weight-averaging the data from both companies on the basis of either factor is inappropriate. Accordingly, we have weighted the data equally between each company and calculated factory overhead, general and administrative expenses and profit percentages using a simple average of the percentages derived from each producer, and applied these percentages to the factors of production.

Comment 5: Classification of Certain Labor and Overhead Expenses

Petitioner states that the Department should follow the methodology outlined in *Final Determination of Sales at Less than Fair Value: Manganese Metal from the People's Republic of China* (60 FR 56045, November 6, 1995) (*Manganese Metal*), where the Department determined that the surrogate value for labor did not include contributions to the provident fund and employee welfare expenses and thus these contributions and expenses were added to the factory overhead calculation. Petitioner also contends that the data used to derive the value for overhead should be re-allocated to properly include research and development expenses.

Sichuan and Guangxi argue that the Department's past practice has been to include provident fund and employee welfare expenses as components of total labor cost (*see, e.g. Saccharin*) and not as part of overhead expenses. Sichuan states that the example in *Manganese Metal* was an aberration and should not be a precedent for this investigation. Sichuan asserts that the International Labor Organization (ILO) data, used by the Department in the preliminary determination, is fully loaded to include employee benefits such as provident fund contributions and employee welfare expenses. In addition, Sichuan argues that there is insufficient evidence to support petitioner's re-allocation of research and development in the factory overhead calculation. Sichuan maintains that if VAM Organic data is used, no adjustment for research and development is warranted.

DOC Position

We agree with Sichuan. As in the cases cited by Sichuan, we consider the ILO statistics to be fully loaded with respect to all labor expenses, incorporating such costs as contributions to the provident fund and employee welfare expenses. In contrast, the labor value used in *Manganese Metal* was from a different source, and did not include these expenses. We also agree there is insufficient evidence to support petitioner's assumptions for basing re-allocation of research and development expenses.

Comment 6: Sales to Non-PRC Trading Company

Petitioner contends that at the time of sale, Sichuan and Guangxi were unaware of the final destination for sales made to a third country trading company. Petitioner states these sales should be excluded from the calculation of the PRC producer's export price and assigned an antidumping rate separate from that of the respondents.

While Sichuan states the exclusion of these sales would have minimal effect on the final margin calculations, Sichuan states it knew at the time of sale that the sales to the trading company were destined to the United States. Sichuan contends that it had numerous sales documents that would have supported its claim that it knew at the time of sale the final destination of the sales made to trading companies. Guangxi agrees that it did not know the final destination of the sales made through the trading companies.

DOC Position

We reviewed numerous sales documents at the verification of Sichuan and in no instance did we find that *at the time of sale,* Sichuan knew or had any reason to believe the destination of the subject merchandise was the United States. There is no further information on the record that supports Sichuan's claim that, at the time of sale, it knew the destination of the subject merchandise. Although each respondent may have had some indication of the destination prior to the time of shipment, all of the sales documents reviewed at each company showed no information identifying the United States as the ultimate destination of the subject merchandise. We have therefore excluded the trading company sales from each company's margin calculation.

Comment 7: Guangxi Vinylon Reporting of Calcium Carbide Factor

Petitioner argues the Department should revise Guangxi's reported calcium carbide factors based on information discovered at verification, which revealed that Guangxi Vinylon had reported this factor based on an industrial standard, rather than the actual consumption of calcium carbide for PVA production.

Guangxi argues that it reported its calcium carbide factor consumption consistent with the legally required PRC industry standard for production of PVA and its production accounting system.

DOC Position

We agree with the petitioner. We have revised the calcium carbide consumption factors to reflect actual consumption, based on information discovered at verification. Actual consumption in a production process is more accurate than a standard figure.

Comment 8: Sichuan Reporting of PVA Production

Petitioner claims that the Department should reject as new information verification findings that Sichuan's reported concentration percentage of PVA used to calculate consumption factors of inputs used at the PVA production stage was inaccurate. Additionally, petitioner argues that Sichuan has not demonstrated that such an adjustment is appropriate.

Sichuan argues it provided numerous submissions and complete accurate and timely responses to the Department. Further, Sichuan states the Department was able to verify, within the time specified, the completeness of this factual information. Therefore, Sichuan argues that the Department should use

the verified evidence on record to calculate an antidumping margin for Sichuan.

DOC Position

The information discovered at verification, regarding the concentration percentages of PVA production, represents a relatively minor correction of data already provided by Sichuan, rather than new information not previously provided. Moreover, we find that using the actual concentration percentages of PVA production will yield more accurate results. Therefore, we have revised affected input factors based on the actual PVA production data.

Comment 9: Surrogate Value for Electricity

Petitioner argues that the Department should use data on electricity prices issued by the Centre for Monitoring the Indian Economy (CMIE), from March 1, 1995, for the electricity surrogate value. In applying the rates, petitioner suggests the surrogate value should be calculated as the weighted-average of rates from the Indian states where the Indian chemical industry is located.

Sichuan and Guangxi argue that the electricity prices submitted by the petitioner are effective beginning with the last month of the POI, while all of their PVA production during the POI occurred earlier. Therefore, they claim that the petitioners proposed value is inappropriate for use as a surrogate value because it reflects prices in effect subsequent to their PVA production. Sichuan suggests that the Department use either data on an electricity rate for India issued by the International Energy Agency (IEA), or the CMIE value from June 1994 used in the preliminary determination. Sichuan contends that the IEA figure, when adjusted to the POI, is an appropriate measure of the cost of electricity.

DOC Position

We agree in part with the petitioner that the March 1995 CMIE data is the most contemporaneous value relative to the POI and is the appropriate source for deriving the electricity surrogate value. Petitioners and respondents are both incorrect in stating that these rates are ''effective'' on March 1, 1995. Rather, the source shows that these were the rates ''as of'' March 1, 1995, and thus represent Indian price levels contemporaneous with the POI. However, we disagree with the petitioner's weighted average methodology. There is insufficient basis to assume that the electricity rates from the Indian states selected by petitioner are more appropriate for surrogate value than electricity rates in other states. Other factors beside chemical production levels, such as methods of generation and transmission as well as overall demand, are determinants of price. Since there is not sufficient information on the record to weigh the appropriateness of using one Indian state's electricity rates over those in another, we have based the surrogate value on the simple average of all Indian state rates found in the 1995 CMIE source.

Comment 10: Surrogate Value for Natural Gas

Petitioner contends that the Department should use the data on natural gas costs derived from 1994–1995 Gujarat Narmada Valley Fertilizer Co. Ltd (Gujarat) Annual Report as a surrogate for valuing natural gas because this value reflects the actual POI cost to an Indian chemical producer of this input.

Sichuan maintains that the value submitted by petitioner is not sufficiently representative of Indian prices as it is taken from a single Indian company's experience. Sichuan supports the use of an India-wide price rate obtained for 1994–1995 from *Hydrocarbon Perspective: 2010,* as used in the preliminary determination.

DOC Position

We agree with Sichuan and have used a rate obtained from *Hydrocarbon Perspective: 2010* as the surrogate value for natural gas. In determining the most appropriate surrogate value to apply to an input factor, the Department considers such elements as the specificity of the value as compared to the factor used, the contemporaneity of the value with respect to the POI, and the representativeness of the value for the industry in the surrogate country. In this instance, both values are equally specific with respect to the natural gas input, and equally contemporaneous with respect to the POI. For this factor, we consider the *Hydrocarbon Perspective: 2010* value to be more representative than a value from an annual report of a single company.

Comment 11: Surrogate Value for Coal

Petitioner states that the Department should use a surrogate value for steam coal derived from the annual report of Sukhjit Starch & Chemical Ltd (Sukhjit), an Indian chemical manufacturer. Petitioner contends that this value is specifically for steam coal, an input used by the respondents, and the value is contemporaneous with the POI.

Sichuan contends that the Department should derive a surrogate value for steam coal using average numbers for the Indian chemical industry as a whole rather than use a price quote from specific companies whose primary production is not PVA.

DOC Position

We valued steam coal inputs using an average price derived from the Sukhjit annual report and the 1994–95 annual report for Gujarat report, identified in Comment 10, which also is on the record. Both of these sources are equally contemporaneous with the POI and are publicly available. Although the fertilizer company's annual report does not specifically classify the coal consumed as ''steam coal'', it is clear from its inclusion in a table relating to power and fuel consumption that the coal consumed is for generating steam, and thus can be considered steam coal. Therefore both values are equally specific with regard to the input. As we have no basis to determine that one of these sources is superior to the other, we have weighted them equally in calculating a surrogate value.

We agree with Sichuan that where surrogate values cannot be based on the experiences of Indian producers of subject merchandise, a surrogate value based on a broader sample of Indian experience would be preferable, where all other relevant factors are equal. However, we consider the contemporaneity to the POI of the two annual reports to be more important for valuing this factor. While Sukjhit and Gujarat are not producers of PVA, we do not consider that fact to be relevant for considering surrogate values of commodity inputs such as coal, where the prices from PAPI typically represent the overall price level for that input in the surrogate country. Further, in comparing the average of the two companies to other, non-contemporaneous values on the record, we find that our average is reasonably comparable with respect to the other inflation-adjusted coal values, including those derived from the annual reports of the Indian PVA producers.

Comment 12: Sichuan Indirect Labor Factors

Petitioner claims that Sichuan significantly underreported its indirect labor cost by reporting indirect labor only for the final stage of the production process. Petitioner contends that the Department must apply a value for indirect labor to all upstream production stages, as in *Manganese Metal.*

Sichuan contends that it reported, and the Department verified, all of its indirect labor factors and no further adjustment is warranted.

DOC Position

We agree with Sichuan. We verified Sichuan's indirect labor reporting and found no basis to add additional factors for this input. Petitioner's reliance on the *Manganese Metal* case is misplaced. In *Manganese Metal,* the respondent did not report any separate factors for indirect labor, and the factory overhead value did not include indirect labor factors. Thus, an adjustment was warranted. In this case, both Sichuan and Guangxi reported all indirect labor factors and no further accounting for this input is needed.

Comment 13: Valuation of Guangxi Vinylon's Water Consumption

Petitioner argues that Guangxi Vinylon's water factor should be considered as a direct manufacturing cost. Petitioner states that Guangxi's water factor is distinguishable from the Department's treatment of water in past cases. Petitioner argues that, in past cases, water was considered an overhead item, since there was no information in the Reserve Bank of India Bulletin data to indicate otherwise. In this case, petitioner contends that water is a direct manufacturing cost of producing PVA. Further, Petitioner argues that the Indian producers of PVA treat water as a component of power and fuel, thus identifying water as a direct manufacturing cost. Therefore, water should be calculated separately from factory overhead.

Guangxi Vinylon states that the Department's treatment of water as a factory overhead item is consistent with past practice (*see, e.g. Saccharin*) and should continue in this investigation.

DOC Position

We agree with Guangxi Vinylon. There is no information on the record that supports petitioners claim that water must be treated as a direct manufacturing cost. Consistent with our practice in such cases as *Saccharin,* which involved a chemical product and relied on a similar type of factory overhead data, we have considered Guangxi's Vinylon's water consumption factor to be part of factory overhead.

Continuation of Suspension of Liquidation

For Sichuan, we calculated a zero margin. Consistent the with *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the People's Republic of China* (59 FR 55625, November 8, 1994), merchandise that is sold by Sichuan but manufactured by other producers will not receive the zero margin. Instead, such entries will be subject to the ''All-Others'' rate.

In accordance with section 733(d)(1) and 735(c)(4)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of polyvinyl alcohol (except those entries that represent U.S. sales by Sichuan of PVA that Sichuan has manufactured) from the PRC, that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the export price as shown below. These suspension of liquidation instructions will remain in effect until April 7, 1996.

The weighted-average dumping margins are as follows:

Manufacturer/Producer/Exporter	Weighted-average margin percentage
Guangxi GITIC Import and Export Corp	116.75
Sichuan Vinylon Works	0.00
All-Others Rate	116.75

The All-Others rate applies to all entries of subject merchandise except for entries from Guangxi and entries of merchandise manufactured by Sichuan.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to section 735(d) of the Act.

Dated: March 21, 1996.

Susan G. Esserman,

Assistant Secretary for Import Administration.

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[A–588–836]

Notice of Final Determination of Sales at Less Than Fair Value; Polyvinyl Alcohol From Japan

AGENCY: Import Administration, International Trade Administration, Commerce.

EFFECTIVE DATE: March 29, 1996.

FOR FURTHER INFORMATION CONTACT: Ellen Grebasch or Erik Warga, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 482–3773 or (202) 482–0922, respectively.

The Applicable Statute

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).

Final Determination

As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, the deadline for the final determination in this investigation has been extended by 28 days, *i.e.,* one day for each day (or partial day) the Department was closed. As such, the deadline for this final determination is no later than March 21, 1996.

We determine that polyvinyl alcohol (PVA) from Japan is being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination of sales at less than fair value in this investigation on October 2, 1995, (60 FR