

If requested within 30 days of the date of publication of this notice, the Department will determine, where appropriate, whether antidumping duties have been absorbed by an exporter or producer subject to any of these reviews if the subject merchandise is sold in the United States through an importer which is affiliated with such exporter or producer.

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 353.34(b) and 355.34(b).

These initiations and this notice are in accordance with section 751(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1675(a)) and 19 CFR 353.22(c)(1) and 355.22(c)(1).

Dated: November 8, 1996.

Jeffrey P. Bialos,

Principal Deputy Assistant Secretary for Import Administration.

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[A-570-808]

Chrome-Plated Lug Nuts 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 administrative review.

SUMMARY: On August 16, 1995, the Department of Commerce (the Department) published in the Federal Register the preliminary results of its administrative review of the antidumping duty order on chrome-plated lug nuts (lug nuts) from the People's Republic of China (PRC) (60 FR 48687). This review covers shipments of this merchandise to the United States during the period September 1, 1993, through August 31, 1994. 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 review.

EFFECTIVE DATE: November 15, 1996.

FOR FURTHER INFORMATION CONTACT: Donald Little, Elisabeth Urfer, or Maureen Flannery, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington D.C. 20230; telephone (202) 482-4733.

Applicable Statute and Regulations

Unless otherwise stated, all citations to the statute and to the Department's regulations are references to the provisions as they existed on December 31, 1994.

SUPPLEMENTARY INFORMATION:

Background

The Department published in the Federal Register an antidumping duty order on lug nuts from the PRC on April 24, 1992 (57 FR 15052). On September 2, 1994, the Department published in the Federal Register (59 FR 45664) a notice of opportunity to request an administrative review of the antidumping duty order on lug nuts from the PRC covering the period September 1, 1993, through August 31, 1994.

On September 21, 1994, in accordance with 19 CFR 353.22(a)(1994), the petitioner, Consolidated International Automotive, Inc., requested that we conduct an administrative review of China National Automotive Industry I/E Corp. (China National); China National Machinery & Equipment Import and Export Corporation, Jiangsu Co., Ltd. (Jiangsu); Rudong Grease Gun Factory (Rudong); China National Automotive Industry I/E Corp., Nantong Branch (Nantong); China National Automotive Industry Shanghai Automobile Import & Export Corp. (Shanghai Automobile); Tianjin Automotive Import & Export Co. (Tianjin); China National Automobile Import and Export Corp., Yangzhou Branch (Yangzhou); and Ningbo Knives & Scissors Factory (Ningbo). We published a notice of initiation of this antidumping duty administrative review on October 13, 1994 (59 FR 51939).

On August 16, 1995, the Department published in the Federal Register the preliminary results of its administrative review of the antidumping duty order on lug nuts from the PRC (60 FR 48687). There was no request for a hearing. The Department has now completed this review in accordance with section 751 of the Tariff Act of 1930, as amended (the Tariff Act).

Scope of Review

On April 19, 1994, the Department issued its "Final Scope Clarifications on Chrome-Plated Lug Nuts from Taiwan and the PRC." The scope, as clarified, is described in the subsequent paragraph. All lug nuts covered by this review conform to the April 19, 1994, scope clarification.

Imports covered by this review are one-piece and two-piece chrome-plated lug nuts, finished or unfinished. The

subject merchandise includes chrome-plated lug nuts, finished or unfinished, which are more than $1\frac{1}{16}$ inches (17.45 millimeters) in height and which have a hexagonal (hx) size of at least $\frac{3}{4}$ inches (19.05 millimeters) but not over one inch (25.4 millimeters), plus or minus $\frac{1}{16}$ of an inch (1.59 millimeters). The term "unfinished" refers to unplated and/or unassembled chrome-plated lug nuts. The subject merchandise is used for securing wheels to cars, vans, trucks, utility vehicles, and trailers. Zinc-plated lug nuts, finished or unfinished, and stainless-steel capped lug nuts are not included in the scope of this review. Chrome-plated lock nuts are also not subject to this review.

Chrome-plated lug nuts are currently classified under subheadings 7318.16.00.15, 7318.16.00.45, and 7318.16.00.80 of the Harmonized Tariff Schedule (HTS). Although the HTS subheading is provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

This review covers the period September 1, 1993, through August 31, 1994, and eight producers/exporters of Chinese lug nuts.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received case and rebuttal briefs from petitioner and Rudong.

Comment 1: Petitioner concurs with the Department's decision to use the best information available (BIA) for non-responding parties, and argues that the Department should apply partial BIA to Rudong. Petitioner states that, while Rudong did respond to the Department's requests for information, Rudong submitted erroneous cost information relating to packing costs, reported out-of-date factors of production values rather than actual factors-of-production and factory overhead for the period of review (POR), and included a substantial additional amount for electricity that is unexplained. Petitioner further asserts that scrap amounts reported by Rudong were incorrect, and that the Department could not verify the percentage of materials purchased from each supplier.

For the six non-responding companies, petitioner contends that the Department should apply a first-tier BIA rate of 44.99 percent from the final results of the second administrative review (1992-1993). Petitioner argues that the use of this rate is supported by the record and follows applicable law and administrative practice.

Rudong disagrees with petitioner's assertion that partial BIA should be administered with respect to its factors of production. Rudong argues that it has been fully responsive and cooperative in this review. Rudong contends that the Department was able to verify the data used in the preliminary results and that no reason exists to reject these verified data. Rudong states that this claim for BIA, or partial BIA, is without any basis whatsoever, and the Department should reject petitioner's claim that Rudong should be punished with BIA in this administrative review.

Department's Position: We agree with petitioner, in part. As in the preliminary results, we have determined that it is appropriate, in accordance with Section 776(c) of the Tariff Act, to apply first-tier BIA to the six non-responding firms. In deciding what to use as BIA, the Department's regulations provide that the Department may take into account whether a party refuses to provide requested information. 19 CFR 353.37 (b). Thus, the Department may determine, on a case-by-case basis, what constitutes BIA. When a company refuses to cooperate with the Department or otherwise significantly impedes the proceedings, we use as BIA the higher of (1) the highest of the rates found for any firm for the same class or kind of merchandise in the same country of origin in the less-than-fair-value (LTFV) investigation or prior administrative reviews; or (2) the highest rate found in this review for any firm for the same class or kind of merchandise in the country of origin. When a company substantially cooperates with our requests for information and substantially cooperates in verification, but fails to provide the information requested in a timely manner or in the form required or is unable to substantiate it, we use as BIA the higher of (1) the highest rate ever applicable to the firm for the same class or kind of merchandise from either the LTFV investigation or a prior administrative review; or (2) the highest calculated rate in this review for the class or kind of merchandise for any firm from the same country of origin. (See Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Duty Order: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof From France, et. al. (58 FR 39729, (July 26, 1993).)

We have applied BIA to sales made by China National, Jiangsu, Yangzhou, Ningbo, Shanghai Automobile, and Tianjin. Because these firms did not respond to our questionnaire, as BIA we have applied the highest margin ever

calculated in the investigation or this or the prior review, which is 44.99 percent.

Contrary to petitioner's claim, Rudong did not report an unexplained amount for electricity; however, at verification we did find an additional charge for electricity. The question of whether to make an adjustment for this additional amount is moot because we have determined that it is appropriate to use factors of production rather than cost to calculate foreign market value (FMV) (see comment 2). We verified the amounts of electricity we used in our calculations. Similarly, because we used factors of production, petitioner's comments regarding packing costs are moot. We agree with petitioner that we could not fully verify the exact percentage of material purchased from each supplier; this was due to the way in which Rudong keeps its records. These percentages are relevant to the calculation of the transportation component of the materials factor for transportation of materials to the factory. To value transportation we used ranges of distance, e.g., up to 100 kilometers, up to 250 kilometers, etc. We used this methodology because the best surrogate data for transportation was in ranges of distance (see Memorandum to the File, "Factor Values Used for the Preliminary Results of the Third Administrative Review," dated August 3, 1995). For materials that fell within a single distance range, the inability to verify the exact percentage of material from each supplier is moot because there would be no difference between the rates for each supplier. For those materials which fell into more than one category of distance, as partial BIA we used the longest distance range for all transportation for that input.

We agree with petitioner that Rudong reported factors of production that were out of date with respect to the POR, from schedules last updated in 1992 and 1993, rather than its actual experience during the POR. We found, at verification, that these were the most recent schedules that Rudong had, and that Rudong used these schedules in its normal course of business. We also agree with petitioner that Rudong reported scrap amounts which were also incorrect. However, we disagree that these errors were serious enough to warrant partial BIA. As is our general practice, we were able to make minor corrections to the figures reported by Rudong following verification. We replaced submitted figures which were erroneous with verified figures. Therefore, we have not applied partial BIA to Rudong with respect to these items.

Comment 2: Rudong argues that the Department incorrectly concluded in the preliminary results that the lug nut industry in the PRC was not market-oriented. Rudong contends that, based on the facts on the record, the lug nut industry is market-oriented, and that the Department should so determine for purposes of the final results. Rudong notes that the Department held that Rudong had not demonstrated that the lug nuts industry met the market-oriented industry (MOI) test set forth, as follows, in the Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order: Chrome-plated Lug Nuts from the People's Republic of China, 57 FR 15052 (April 24, 1992) (Amended Final):

(1) For the subject merchandise, there must be virtually no government involvement in setting prices or amounts to be produced. For example, state-owned production or allocation of production of the merchandise, whether for export or domestic consumption in the non-market economy country would be an almost insuperable barrier to finding a market-oriented industry.

(2) The industry producing the merchandise under review should be characterized by private or collective ownership. There may be state-owned enterprises in the industry but substantial state ownership would weigh heavily against finding a market-oriented industry.

(3) Market-determined prices must be paid for all significant inputs, whether material or non-material (e.g. labor and overhead), and for all but insignificant proportion of all the inputs accounting for the total value of the merchandise under investigation. For example, an input price will not be considered market determined if the producers of the merchandise under investigation pay a state-set price for the input or if the input is supplied to the producers at government direction. Moreover, if there is any state-required production in the industry producing the input, the share of state-required production must be insignificant.

Rudong notes that the Department concluded that the lug nut industry failed the MOI test for two reasons: first, the Department had not received information from every producer of lug nuts in the PRC; second, the Department found that Rudong did not submit evidence that demonstrated that a significant portion of its suppliers' industries are not subject to significant government control and state-required production and demonstrated that the state involvement in these industries has changed since the *Amended Final*.

Rudong notes that it has repeatedly made statements, which are certified and on the record, that to its knowledge it is the only lug nuts producer in the PRC. According to Rudong, petitioner's

argument regarding the need for government corroboration that Rudong is the only lug nuts producer leads to a situation in which MOI status itself prevents Rudong from proving its MOI status. Because the industry is an MOI, Rudong contends, there is no government control, and the government cannot certify who is part of that particular industry. Rudong contends that, in the absence of any evidence whatsoever of additional Chinese producers of lug nuts and given its certifications of no additional producers, the Department should conclude that Rudong was the sole lug nuts producer during the POR.

Rudong contests the Department's conclusion that it did not submit evidence demonstrating that a significant portion of its supplier industries are not subject to significant government control and state-required production. Rudong argues that, in its supplemental questionnaire response, it provided statements from its suppliers of steel rod and chemicals, indicating that each particular supplier was free of state control, that the industry of which that supplier was a member was also free of state control, and that the supplier's prices to Rudong were set without any government interference. Rudong argues that the Department itself was able to verify that Rudong's suppliers themselves are free of government control, and affirms that it already has submitted certifications that the relevant industries in the PRC are free of government control and interference, except for small quantities of government purchases in unrelated sectors of the steel industry.

Rudong further argues that the Department cannot conclude that no individual sector of the huge PRC steel industry could be market-driven simply because of the existence of possible state influence over a minor sector. Rudong contends that this is contrary to the third element of the Department's own three-part MOI test, which allows insignificant state-required production in an MOI. Rudong contends that if the Department were to examine the steel industry in any other market-oriented country, it would undoubtedly find some mandatory production of steel in every country that had even a minor defense industry. Rudong argues that the relevant steel supplier industry for purposes of an MOI determination is the steel rod industry in the region in which Rudong manufactures lug nuts.

Petitioner states that the Department appropriately determined that the PRC lug nut industry was not an MOI and properly applied factors of production to determine Rudong's FMV. Petitioner

contends that although the Department has assigned Rudong a separate rate based on lack of government control of its operations, this does not mean that the entire PRC industry as a whole is market-oriented.

Petitioner maintains that, although Rudong asserts that it is the only PRC producer of lug nuts, it has failed to provide objective corroboration of this claim. Petitioner further maintains that the Department's attempts to obtain further information on this point have been frustrated by lack of response from both the PRC government and the Chinese Chamber of Commerce for Imports & Exports of Machinery & Electronics (China Chamber). Petitioner claims that, in spite of its efforts, the Department has been unable to determine whether there are additional PRC producers of lug nuts. Petitioner argues that it is insufficient that Rudong alone has responded, and that the Department must be certain that it has obtained responses from all PRC producers before evaluating whether the PRC industry is market-oriented.

Petitioner states that, although Rudong claims its suppliers pay market-determined prices for all inputs, Rudong has failed to produce information that would allow evaluation of its claim despite having been provided an extended opportunity to do so. Petitioner also states that Rudong has provided conclusory, unsupported statements from several of its suppliers claiming that they are free from government control and that such statements are unverified.

Petitioner contends that Rudong's submission does not address the overarching question of Chinese steel and chemical industries. Petitioner argues that, regardless of the nominal "independence" of Rudong's suppliers, the Department has properly recognized that the industries supplying materials must be market-driven. Petitioner also argues that Rudong has not provided any evidence that it pays market-determined prices for steel or chemical inputs, that these two industries that provide key inputs were free from state control, or that the demand factors support a claim that the steel and chemical industries in the PRC are demand-driven.

Department's Position: We disagree with Rudong. Rudong has not demonstrated that the prices for steel and chemical inputs in the PRC are market-determined. We further disagree that it is sufficient to find a segment of a particular industry, such as the steel wire rod manufacturers in a particular province, to be free of government control, as price and quantity decisions

made by the state for the PRC steel industry could affect the local steel wire rod industry. Rudong simply has not demonstrated that the central government did not direct production or set prices in this case.

Rudong has focused narrowly on its suppliers, providing certificates stating that its suppliers are free of government control; however, even if its suppliers are free of government control, this would not prove that there is no government control of the industry. We concluded in the *Amended Final* that such a narrow focus on Rudong's suppliers was not sufficient for determining that an industry was a MOI. We stated:

The absence of explicit government involvement in these transactions is not sufficient to warrant the conclusion that the prices for these inputs are market-driven. Instead, it is necessary to examine whether market forces are at work in determining the steel and chemical prices in general within the PRC.

For example, it may be the case that the state purchases large quantities of the input in question. Where this is so, it is reasonable to assume that the state's purchases affect the quantity available to non-state consumers and the prices they would pay. Also, where the state owns many of the input producers and where the input is an important commodity fundamental to the operation of the larger economy, it is not at all clear that the pricing and production of those input producers would mirror those of privately-owned, profit maximizing enterprises.

For the [sic] reasons, it is necessary to look beyond direct state involvement in the specific transactions between the manufacturer under investigation and its suppliers to ascertain whether market forces are actually at work in determining the input prices.

Amended Final, 15053. For this administrative review, Rudong has not demonstrated that there have been any changes to the industries from which it sources its materials that would compel us to reconsider the determination we made in the *Amended Final*.

Furthermore, Rudong has not put any information on the record to support its claim that its suppliers do not pay state-set prices for their input materials. In addition, Rudong has argued that there have been only small quantities of government purchases in unrelated sectors of the steel industry, but has not put any information on the record to support this point.

We agree with petitioner's contention that the record lacks objective corroboration of Rudong's claim that it is the only PRC producer of lug nuts. We disagree with Rudong's deduction that the lack of response from the PRC government is indicative of the lack of government control in the industry. We

do not know why the government failed to respond to our request for information. We note that we did not request information directly from the China Chamber.

Based on the foregoing, we have not considered the lug nuts industry to be an MOI for this review.

Comment 3: Rudong contends that the Department should select a more accurate measure of surrogate steel prices. Rudong argues that the Department should use the actual price for steel paid by Rudong under an MOI analysis (see comment 2 above). Moreover, Rudong contends, for the factors-of-production analysis conducted for preliminary results, the Department used Indian import value statistics that overstated the value of steel.

Rudong argues that the steel surrogate price information the Department used in its preliminary results is less accurate and authoritative than the prices published in *Steel Scenario*, an Indian journal, and submitted by Rudong for this review. Rudong claims that the Department should rely on prices in *Steel Scenario* for several reasons. First, Rudong contends that the Indian steel import statistics the Department used are for a different period than this review, necessitating a rough and potentially distortive inflation adjustment based on the wholesale price index, while the *Steel Scenario* information is for each month of the POR. Second, Rudong asserts that the import data are for a less precise basket category of iron and steel, and, therefore, may include products that are not used in the production of lug nuts, while the *Steel Scenario* information is for the precise product—iron and steel rounds approximately 16 mm in diameter and steel and iron wire rods approximately 8 mm in diameter—that Rudong used to make lug nuts in the PRC.

Rudong observes that it might be argued that, because the Indian import statistics specify relatively low-grade low-carbon steel, and the *Steel Scenario* data do not, the Indian import statistics are more precise; however, Rudong argues, this leads to the conclusion that the *Steel Scenario* pricing data are too high, not too low. Third, Rudong asserts that the import data are for imports of steel into India, not prevailing market rates in India, whereas it used local, and not imported, steel. The *Steel Scenario* data, Rudong contends, show the prevailing market rates in India. Rudong further contends that use of the publicly-available-published-information (PAPI) from *Steel Scenario*, unlike use of the import statistics, is

consistent with the Department's established policy, as stated in Notice of Preliminary Determination of Sales at Less than Fair Value and Postponement of Final Determination: Furfuryl Alcohol From the People's Republic of China, 59 FR 65009 (December 16, 1994) (*Furfuryl Alcohol*).

Rudong argues that the Indian import statistics do not agree with any other available data by a wide margin. Rudong argues that this could be because either the imported steel is a very special steel, used for particular purposes, and is, therefore, far more expensive, or the merchandise has simply been misclassified under the HTS.

Petitioner asserts that the Department should continue to determine steel wire rod values based on Indian import statistics. Petitioner argues that the tariff descriptions provide narrow coverage for nearly all raw materials and packing and avoid problems of over-inclusiveness.

Petitioner claims that the Department properly declined to rely on Rudong's surrogate data for the preliminary results and argues that the Department should continue to do so. Petitioner argues that rounds are not the raw material used in producing lug nuts, and cites to the verification report and factors memorandum. Petitioner further notes that the steel scrap data the Department used in the preliminary results indicate that Rudong's production process begins with wire rod, not the further-fabricated rounds.

Petitioner also asserts that prices Rudong submitted cover both iron and steel products, and that Rudong used steel rod, not iron rod, in manufacturing lug nuts; therefore, in petitioner's view, reliance on Rudong data would produce a distorted value for steel.

Petitioner argues that Rudong's proffered prices cover sales in only two Indian cities and there is no way to determine whether they are determinative of prices in India generally. Petitioner argues that, by contrast, import data provide a nationwide average from which the Department can determine the value of steel rod.

Rudong contends that petitioner's factual assertions are wrong; furthermore, even under petitioner's analysis, the Department should use Rudong's submitted surrogate prices. Rudong states that its suggested surrogate prices were for wire rod, and notes that, while it also submitted rounds price data, it does not assert that the Department should use these data. In addition, Rudong contends that, although the category of product it reported in its submission was "iron

and steel," it seems obvious that the category "wire rod" consists of steel, and not iron.

Petitioner alleges that Rudong submitted new factual information in its case brief and that the Department should strike such information from the record.

Department's Position: We agree with Rudong and petitioner, in part. In *Furfuryl Alcohol*, cited by Rudong, the Department stated:

In determining which surrogate value to use for each factor of production that was not sourced from a market-economy country, we selected, where possible, from publicly available published information that is: (1) An average non-export value; (2) representative of a range of prices within the period of investigation if submitted by an interested party, or most contemporaneous with the POI; (3) product-specific; and (4) tax-exclusive.

Furfuryl Alcohol, 65011 (December 16, 1994). We agree with Rudong that the information in *Steel Scenario* is more contemporaneous with the POR than are the import statistics; however, the latter are more product-specific and are tax exclusive. Furthermore, the data Rudong submitted do not indicate the grade and specifications of the metal in the rounds and wire rods.

We noted in *Chrome-Plated Lug Nuts From the People's Republic of China; Final Results of Antidumping Administrative Review*, 60 FR 48687 (September 20, 1995), covering the 1991–1992 and 1992–1993 administrative reviews of the antidumping duty order, that the Indian import statistics are more specific in that they indicate the carbon content of the steel, whereas by contrast, *Steel Scenario* does not specify either the carbon content of the steel or other chemicals present in the steel. Carbon content is a more important determinant of price than size. We further note that *Steel Scenario* prices include taxes and levies, without indicating the amount of taxes and levies included. Our objective is to value steel at prices at which it is available in the surrogate country.

With respect to the petitioner's argument that Rudong submitted new information in its case brief, we disagree. The information Rudong submitted supported its argument, rather than presented new facts for the record.

However, we agree with Rudong that the prices of the imported steel wire rod are out of line with other data. We compared the same "basket" HTS number for the United States, the European Union, Canada, and Indonesia and found that steel wire rod import prices to be relatively the same in these

countries, and significantly lower than Indian steel wire rod import prices. Indonesia is also comparable to the PRC in terms of level of economic development and Indonesia has some lug nut production, albeit not as great as India. (See *Memorandum to Laurie Parkhill from David Mueller*, dated June 9, 1995, "Chrome-Plated Lug Nuts from the People's Republic of China: Non-market Economy Status and Surrogate Country Selection," and *Memorandum to the File from Donald Little*, dated July 20, 1995, "India: Significant Production of Comparable Merchandise," which are on file in the Central Records Unit (room B099 of the Main Commerce Building).)

Therefore, for these final results we have used Indonesian steel wire rod import prices. These import prices are also for a basket category of steel wire rod imports, as are the Indian import prices, but are consistent with steel wire rod prices in other countries. They also do not include taxes. (See memorandum to the file from Elisabeth Urfer, "Comparison of Import Statistics in the 1993-1994 Administrative Review of Chrome-plated Lug Nuts from the PRC," dated November 5, 1996.)

Comment 4: Rudong alleges that the Department made a number of clerical errors in its preliminary results. Rudong states that, for a series of observations for the factor amounts of chromium acid and sulfuric acid nickel, the Department omitted one zero after the decimal, and for the factor amounts of polisher the Department erred in the quantity consumed. Rudong further argues that the Department erred by not allowing for scrap and waste for certain group numbers.

Department's Position: We agree with Rudong, in part. We have corrected clerical errors for chromium acid, polisher, and scrap and waste; however, we disagree that we made a clerical error for sulfuric acid nickel. We have reexamined the figures for sulfuric acid nickel in the verification exhibits and in the calculation and have not found an omitted zero after the decimal.

Therefore, we have continued to use the verified amount for sulfuric acid nickel (see verification exhibit 19).

Comment 5: Rudong argues that the Department should remove an amount for "research and development" from surrogate factory overhead because, as a mature industry, Rudong incurs no research and development expense. Rudong argues that, similarly, surrogate selling, general and administrative expenses should not include royalties, selling commissions or advertising, but notes that these amounts have no impact on the results.

Department's Position: We disagree with Rudong. Factory overhead is a combination of elements; while Rudong may not incur research and development, there may be other factory overhead expenses it does incur which are not included in the surrogate factory overhead. Because we do not have detailed knowledge of the components of Rudong's factory overhead, and thus cannot make an adjustment for all differences, it would be inappropriate to make a partial adjustment for research and development. The Department has rejected item-by-item evaluation of overhead components in the past. (See Notice of Final Determinations of Sales at Less Than Fair Value: Pure Magnesium and Alloy Magnesium From the Russian Federation, 60 FR 16440 (March 30, 1995), and Final Determination of Sales at Less Than Fair Value; Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the Hungarian People's Republic, 52 FR 17428 (May 8, 1987).) Based on the foregoing, we have not excluded research and development expense from factory overhead.

Comment 6: Rudong contends that there are calculation errors in the use of import statistics for steel and adhesive tape factor values. Rudong argues that the Department should exclude steel imports from North Korea, and adhesive tape imports from the PRC, Croatia, and North Korea.

Department's Position: We agree with Rudong that there was a clerical error in our calculations with respect to adhesive tape. The allegation of a clerical error with respect to steel is moot since we are using Indonesian import statistics for the final results (see comment 3 above). For these final results, we have excluded PRC and North Korean imports of adhesive tape, and recalculated the value for adhesive tape accordingly. We included import values for Croatia because we consider Croatia to be a market-economy country. This is because Croatia was part of Yugoslavia before its division into independent states, and Yugoslavia was considered to be a market-economy country.

Comment 7: Rudong asserts that the Department should use gross rather than standard weights for steel. Rudong notes that at verification the Department collected actual net, actual gross, and standard weights of steel and chemicals consumed in the lug nut production process. Rudong notes that the Department determined that gross weights should have been used in the response, and substituted gross weights for chemicals in the preliminary results, but apparently inadvertently did not do

this for steel. Rudong argues that, for the sake of consistency, for the final results the Department should use the gross figures for actual steel consumed, as shown in verification exhibit 21.

Department's Position: We disagree with Rudong. For steel consumption Rudong submitted what it labeled "standard" and "gross" weights. These were both standard amounts from schedules which Rudong uses in its normal course of business. "Standard" weight represents the weight of a piece of rod that will be cut into several smaller rods before being finished into lug nuts. The "gross" weight is the weight of the smaller pieces of rod cut from the larger rods. The "standard" steel weight is more appropriate for purposes of evaluating steel usage because it includes amounts for the ends of the larger steel wire rods, whereas "gross" weights do not. At verification, we tested these amounts and found that they reflected Rudong's actual experience. (See verification report at page 16.)

We disagree with Rudong that we made any substitutions to chemicals beyond breaking "other chemicals" into the appropriate chemicals used in the production of lug nuts. We used exhibit 19, a schedule of chemical material consumption, to do so. We note that this exhibit did not distinguish chemical consumption by gross and standard weights.

Additional Change for the Final Results

For these final results we have recalculated labor using data from the Yearbook of Labor Statistics (YLS). As we stated in the Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China, 61 FR 19026, April 30, 1996, the IL&T reports estimates based not on actual wage rates, but on rates stipulated in various Indian laws. Therefore, we have not used IL&T data for the final results. The YLS provides wage rates on an industry-specific basis. We used the daily wage rate specified for SIC code 381, "manufacture of fabricated metal products, except machinery and equipment," because the description of the various industries this category covers was the best match for the lug nut industry. Having found the IL&T data to be an inappropriate source for wage rates, it would be inappropriate to use the IL&T data to differentiate among skill levels. Because the YLS provides wage rates from 1990, we inflated the data for the review period, using the consumer price index, published in the International Monetary Fund's International Financial Statistics.

Final Results of Review

As a result of the comments received, we have changed the results from those

presented in our preliminary results of review. Therefore, we determine that

the following margins exist as a result of our review:

Manufacturer/exporter	Time period	Margin (percent)
Jiangsu Rudong Grease Gun Factory, also known as China Nantong HuangHai Auto Parts Group Co., Ltd	09/01/93–08/31/94	5.93
China National Machinery & Equipment Import & Export Corp., Nantong Branch	09/01/93–08/31/94	144.99
PRC Rate	09/01/93–08/31/94	44.99

¹ No shipments subject to this review. Rate is from the last relevant segment of the proceeding in which the firm had shipments.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries.

Individual differences between United States price and FMV may vary from the percentages stated above. The Department will issue appraisal instructions directly to the Customs Service.

Furthermore, the following deposit rates will be effective upon publication of these final results for all shipments of lug nuts from the PRC 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) For Rudong and Nantong, which have separate rates, the cash deposit rates will be the company-specific rates indicated above; (2) for the companies named above which did not respond to our questionnaire (China National, Jiangsu, Yangzhou, Ningbo, Shanghai Automobile, and Tianjin) and for all other PRC exporters, the cash deposit rate will be the PRC rate for the 1993–1994 period; (3) for non-PRC exporters of subject merchandise from the PRC, the cash deposit rate will be the rate applicable to the PRC supplier of that exporter.

These deposit rates shall remain in effect until publication of the final results of the next administrative review.

This notice also 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 also serves as a reminder to parties subject to administrative protective orders (APOs) of their responsibility concerning the disposition of proprietary information

disclosed under APO in accordance with 19 CR 353.34(d)(1). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: November 6, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–29242 Filed 11–14–96; 8:45 am]

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[A–570–808]

Chrome-Plated Lug Nuts 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 administrative review.

SUMMARY: On July 9, 1996, the Department of Commerce (the Department) published in the Federal Register the preliminary results of its administrative review of the antidumping duty order on chrome-plated lug nuts (lug nuts) from the People's Republic of China (PRC) (61 FR 36025). This review covers shipments of this merchandise to the United States during the period September 1, 1994 through August 31, 1995. 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 review.

EFFECTIVE DATE: November 15, 1996.

FOR FURTHER INFORMATION CONTACT: Tamara Underwood (202–482–0197), Elisabeth Urfer (202–482–4052), or

Maureen Flannery (202–482–4733), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

Applicable Statute and Regulations

Unless otherwise stated, 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 stated, all citations to the Department's regulations are references to the regulations as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

SUPPLEMENTARY INFORMATION:

Background

The Department published in the Federal Register an antidumping duty order on lug nuts from the PRC on April 24, 1992 (57 FR 15052). On September 12, 1995, the Department published in the Federal Register (60 FR 47349) a notice of opportunity to request an administrative review of the antidumping duty order on lug nuts from the PRC covering the period September 1, 1994, through August 31, 1995.

On September 28, 1995, in accordance with 19 CFR 353.22(a), Consolidated International Automotive Inc. (Consolidated) requested that we conduct an administrative review of China National Automotive Industry I/E Corp. (China National); China National Machinery & Equipment Import and Export Corporation, Jiangsu Co., Ltd. (Jiangsu); Jiangsu Rudong Grease Gun Factory (Rudong); China National Automotive Industry I/E Corp., Nantong Branch (Nantong); China National Automotive Industry Shanghai Automobile Import & Export Corp. (Shanghai Automobile); Tianjin Automotive Import & Export Co. (Tianjin); China National Automotive Import and Export Corp., Yangzhou Branch (Yangzhou); and Ningbo Knives