DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–028]

Notice of Preliminary Results and Partial Recission of Antidumping Duty Administrative Review: Roller Chain, Other Than Bicycle, From Japan

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

SUMMARY: We preliminarily determine that sales of roller chain, other than bicycle, from Japan have been made below normal value (NV). We also preliminarily determine that one manufacturer/exporter under review had no sales or shipments of the subject merchandise during the POR. If these preliminary results are adopted in our final results of administrative review, we will instruct the U.S. Customs Service to assess antidumping duties on all appropriate entries.

EFFECTIVE DATE: May 8, 1997.

FOR FURTHER INFORMATION CONTACT: Jennifer Katt, Jack K. Dulberger, or Ron Trentham, AD/CVD Enforcement Group II, Office Four, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–5253, (202) 482–4793, or (202) 482–0498, respectively.

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act) are references to the provisions effective January 1, 1995, the effective date of the amendments to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the Department's interim regulations published in the **Federal Register** on May 11, 1995 (60 FR 25130).

SUPPLEMENTARY INFORMATION: The Department published the antidumping finding on roller chain, other than bicycle, from Japan in the **Federal Register** on April 12, 1973 (38 FR 9926) (Roller Chain). On April 3, 1996, the Department published a notice of ''Opportunity to Request an Administrative Review'' of the antidumping finding on roller chain, other than bicycle, from Japan covering the period April 1, 1995, through March 31, 1996 (POR) in the **Federal Register** (60 FR 17052). In accordance with 19 CFR 353.22(a)(2), on April 25, 1996, the petitioner, American Chain Association (ACA), requested that the Department conduct an administrative review of the antidumping duty order for the following six manufacturers/exporters of roller chain in Japan: (1) Daido Kogyo Co., Ltd. (Daido); (2) Enuma Chain Mfg. Co., Ltd. (Enuma); (3) Izumi Chain Manufacturing Co. Ltd. (Izumi); (4) Hitachi Metals Techno Ltd. (Hitachi); (5) Pulton Chain Co., Ltd. (Pulton); and (6) R.K. Excel Co. Ltd. (RK) (collectively, the respondents). On April 30, 1996, Izumi, Daido, and Enuma also requested that the Department conduct an administrative review of their shipments of roller chain to the United States during the POR. In their April 30, 1996 letters, Daido and Enuma also requested partial revocation of the finding as to themselves, pursuant to section 353.25(b) of the Department's regulations. On May 24, 1996, the Department published a notice of initiation of administrative review (61 FR 26158) for the period April 1, 1995, through March 31, 1996. The Department is now conducting this administrative review in accordance with section 751 of the Act.

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of a preliminary determination if it determines that it is not practicable to complete the review within the statutory time limit. On August 8, 1996, the Department extended the time limit for the preliminary and final results of this case. *See* Notice of Extension of Time Limits of Antidumping Duty Administrative Review, 61 FR 68237 (December 27, 1996).

Verification

In accordance with section 782(i) of the Act, we verified the further manufacturing costs for merchandise produced by Enuma during March 1997. The results of this verification are outlined in the public version of the verification report on file in room B–099 of the main Commerce building. (*See* April 2, 1997, Memorandum to the File from Jack K. Dulberger and Justin Jee.)

Scope of Review

The merchandise subject to this review is roller chain, other than bicycle, from Japan. The term ''roller chain, other than bicycle,'' as used in this review, includes chain, with or without attachments, whether or not plated or coated, and whether or not manufactured to American or British standards, which is used for power transmissions and/or conveyance. This chain consists of a series of alternately-assembled roller links and pin links in which the pins articulate inside from the bushings and the rollers are free to turn on the bushings. Pins and bushings are press fit in their respective link plates. Chain may be single strand, having one row of roller links, or multiple strand, having more than one row of roller links. The center plates are located between the strands of roller links. Such chain may be either single or double pitch and may be used as power transmission or conveyor chain. This review also covers leaf chain, which consists of a series of link plates alternately assembled with pins in such a way that the joint is free to articulate between adjoining pitches. This review further covers chain model numbers 25 and 35. Roller chain is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7315.11.00 through 7619.90.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description remains dispositive.

Period of Review

The POR is April 1, 1995, through March 31, 1996.

Non-Shipper

Hitachi claimed in an August 5, 1996 letter to the Department that it did not have shipments during the POR, which we confirmed with the United States Customs Service. Since Hitachi made no shipments of the subject merchandise during the POR, and is not an exporter or producer as defined in section 771(28) of Act, we are rescinding this review with respect to Hitachi. *See* Antidumping Duties; Countervailing Duties; Notice of Proposed Rulemaking, Sec. 351.213(d)(3), (61 FR 7308, 7365) (February 27, 1996). Consequently, Hitachi's cash deposit rate will continue to be that established in the most recently completed final results. (For further discussion of Hitachi, see the Memorandum to the File from Jack Dulberger, dated April 1, 1997, on file in room B–099 of the main Commerce building.)

Facts Available

Pulton

During the current POR, the Department requested that Pulton report its sales of all roller chain models sold in the home market. Despite our request, Pulton did not report its sales of all home market models, but rather chose to report only its home market sales of models which, according to Pulton, were the most similar models to the models sold in the United States. In addition, Pulton failed to provide the requested difference in merchandise

(DIFMER) information for all home market models. Therefore, the Department was unable to determine whether other home market models were sufficiently similar for comparison purposes.

On February 5, 1997, the Department issued a supplemental questionnaire to Pulton, requesting additional information on the home market models and the DIFMER calculations. In the same questionnaire, the Department also requested constructed value (CV) information pertaining to the models sold in the U.S. market. In both instances, the Department advised Pulton that failing to provide the requested information may result in the application of facts available (FA).

In response to the February 5, 1997, supplemental questionnaire, Pulton stated that the DIFMER data for the home market sales ''is not currently available;'' and regarding the CV information Pulton stated that ''no response is required.'' *See* Pulton's February 10, 1997 Supplemental Questionnaire Response. On February 24, 1997, the Department provided Pulton with an additional opportunity to submit a complete response to the Department's February 5, 1997, supplemental questionnaire. In the supplemental letter to Pulton, the Department informed Pulton that should it fail to provide the requested information, the Department may apply adverse FA in its determination. On February 24, 1997, Pulton responded to the Department's additional request for information by stating that it would not provide additional information because of the ''burden and expenses involved'' including ''a substantial amount of time and research * * * plus legal expenses.'' Pulton did not propose any alternatives to the Department. *See* the February 24, 1997 Letter from Pulton to the Department.

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

Section 782(d) provides certain conditions that must be satisfied before the Department may, subject to subsection (e), disregard all or part of the information submitted by a respondent. First, this section states that if the Department determines that a response to a request for information does not comply with the request, it shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of the review. Section 782(d) continues that if the party submits further information in response to the deficiency and the Department finds the response is still deficient or submitted beyond the applicable time limits, the Department may disregard all or part of the original and subsequent responses.

As noted above, on several occasions the Department notified Pulton of the nature of its deficiencies and provided Pulton with the opportunity to submit the requested DIFMER information for those home market models which were not reported on the home market sales listing. On each occasion Pulton failed to provide the requested data, declined to provide an explanation for the deficient nature of its responses, and failed to provide the Department with any suggested alternatives for the requested data.

Because the DIFMER information for these models was not provided by Pulton and there were other unreported home market models with physical characteristics identical to the two models reported by Pulton, the Department does not have complete information on sales of identical merchandise and is unable to determine whether any of Pulton's unreported home market models passed the Department's 20 percent DIFMER test and should be included in the calculation of NV for the preliminary results. In addition, no CV information was supplied. Therefore, the Department is compelled to use total FA with regard to Pulton.

Section 776(b) of the Act provides that adverse inferences may be used against a party that has failed to cooperate by not acting to the best of its ability to comply with requests for information. See also Statement of Administrative Action (SAA) at 870. Pulton's failure to report the DIFMER data requested by the Department, despite several warnings by the Department regarding the consequences of such an action, demonstrates that Pulton has, to date, failed to cooperate to the best of its ability in this review. Thus, in selecting among the FA for Pulton, an adverse inference is warranted. Section 776(b) states that an adverse inference may include reliance on information derived from: (1) The petition; (2) the final determination in the LTFV investigation; (3) any previous review under section 751 of the Act or investigation under section 753 of the Act; or (4) any other information placed on the record. *See also SAA* at 829–831.

Therefore, we are applying as total adverse FA the rate of 43.29 percent. This rate represents the highest calculated rate for Pulton from any prior segment of this proceeding (*i.e.*, the margin calculated for Pulton in the first administrative review (46 FR 44488, September 4, 1981)).

Section 776(c) of the Act provides that when the Department relies on secondary information in using FA, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. The SAA provides that ''corroborate'' means simply that the Department will satisfy itself that the secondary information to be used has probative value (*see SAA* at 870). However, unlike other types of information such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for margins is administrative determinations and reviews. Thus, in an administrative review, if the Department relies on a calculated dumping margin from a prior segment of the proceeding, as FA, the Department can normally be satisfied that the information has probative value and that it has complied with the corroboration requirements of section 776(i) of the Act. See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, *et. al.*, 62 FR 2083, 2087 (January 15,1997)(AFBs). Furthermore, there is no reliable evidence on the record indicating that this selected margin is not appropriate as adverse FA. *See Id.*, at 2088. The Department has, in an earlier segment of this proceeding, applied a rate of 43.29 percent as ''best information available (BIA).'' See Final Results of Antidumping Administrative Review: Roller Chain, Other Than Bicycle, From Japan, 62 FR 5590, 5591 (December 4, 1996) (1993–1994 POR). (For further discussion of FA for Pulton, see the Memorandum from Holly Kuga to Jeffrey P. Bialos dated April 15, 1997, on file in room B–099 of the main Commerce building).

Enuma

Enuma reported that it owned part of a Japanese trading company, Daido Tsusho. Daido Tsusho, in turn, owns a U.S. sales subsidiary, Daido Corporation. In the U.S. market, Enuma makes all U.S. sales through Daido Tsusho, which then resells the subject merchandise either directly to unaffiliated U.S. customers, or to Daido

Corporation. Daido Corporation then resells the subject merchandise to unaffiliated U.S. customers.

Despite owning less than five percent of Daido Tsusho during this review segment, Enuma characterized its relationship with Daido Tsusho and Daido Corporation as ''affiliated'' throughout its questionnaire response. Furthermore, Enuma reported its direct sales made through Daido Tsusho as export price (EP) sales and its sales made through Daido Corporation as constructed export price (CEP) sales. In addition, in its claim for a CEP offset, Enuma characterized the companies as being affiliated.

We also note that in prior administrative reviews, Enuma had a greater equity share in Daido Tsusho and, as a result, the Department considered these parties to be ''related'' or ''affiliated''. During the 1992–1993 review period, Enuma's equity share dropped to its current level. Given that Enuma now owns less than five percent of Daido Tsusho, the two companies are no longer considered affiliated under section 771(33)(E) of the Act. Moreover, there is no other information on the record of this review at this time indicating affiliation, pursuant to section 771(33) of the Act, between these two entities. Accordingly, for purposes of these preliminary results, we find that Enuma is not affiliated with either Daido Tsusho or Daido Corporation. Since we do not consider these entities to be affiliated, we believe that the appropriate U.S. transactions to be reviewed are those between Enuma and Daido Tsusho.

Section 776(a) of the Act authorizes the Department, subject to section 782(d), to use FA when necessary information is not available on the record. Given that Enuma has not reported its sales to Daido Tsusho in the U.S. sales listing, we cannot calculate United States price with respect to Enuma. Therefore, we are compelled to use FA.

Section 776(b) of the Act provides that adverse inferences may be used against a party that has failed to cooperate by not acting to the best of its ability to comply with requests for information. As noted above, Enuma, in its questionnaire response, in various places, expressly characterized Enuma and Daido Tsusho as affiliated when in fact they do not appear to be affiliated. Also, Enuma did not report the proper U.S. sales data. However, we note that the Department did not specifically request that Enuma provide this data in its supplemental questionnaires. Therefore, for purposes of these preliminary results, we do not believe an adverse inference is warranted and are applying non-adverse FA under Section 776 of the Act. We are applying, as non-adverse FA, the simple average of the calculated dumping rates for Daido, Izumi, and RK (*i.e.*, those respondents in this segment of the proceeding whose margins are not based on adverse FA).

For purposes of the final results, we will request that Enuma report all U.S. sales made to Daido Tsusho, and provide any additional explanations and/or clarifications regarding the nature of the affiliation and any forms of control between the two companies. The Department is mindful of the need for accuracy in representations made in questionnaire responses which the Department must rely upon in making its decisions. Inaccurate responses undermine the integrity of the review process. We therefore will take the accuracy of Enuma's overall responses into account in our final results.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by the respondents, covered by the description in the ''Scope of the Review'' section, above, and sold in the home market during the POR, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product, based on the following three product characteristics listed in order of importance: (1) The type of roller chain (*e.g.*, industrial roller chain, motorcycle chain, or leaf chain); (2) the number of strands (*e.g.*, single, double, triple, multiple, etc.); and (3) the finish (*e.g.*, carbon steel, nickel plated, stainless steel, etc.).

In past segments of this proceeding, the Department has used the model match databases submitted by the respondents to identify identical and similar merchandise in the home market. For this review, however, we have determined it appropriate to make the analysis in this proceeding consistent with the Department's current practice of defining identical and similar merchandise based only on the product characteristics outlined in the antidumping questionnaire. In this administrative review, the questionnaire instructed the respondents to provide data regarding the three product characteristics specified above for all reported United States and home market sales. In addition, the questionnaire informed the respondents that they could report additional product characteristics if they believed there were other product characteristics that the Department should consider in performing product comparisons. If a respondent chose to report additional product characteristics, the questionnaire instructed the respondent to describe in the narrative response why it believed the Department should consider the additional characteristics in defining identical and similar merchandise.

Although no additional product characteristics were specifically identified by Daido, Enuma, and Izumi in their questionnaire responses, it was apparent from the model match databases submitted by these respondents that these companies had considered product characteristics beyond those specified in the Department's questionnaire to define unique products. However, based on information on the record in this proceeding, we are unable to determine what additional characteristics these respondents relied upon in identifying unique products. Regarding RK, the company identified additional product characteristics in its questionnaire response, including pitch length, roller width, roller diameter, pin diameter, pin length, link height, link thickness, average strength and average weight. However, RK did not explain why it believed the Department should consider these characteristics in identifying identical and similar merchandise for product comparison purposes. Therefore, for purposes of these preliminary results, we have redefined the product control numbers reported by the respondents using only the three product characteristics outlined in the Department's questionnaire to define a unique product.

Interested parties are requested to comment on these matching criteria and to provide comments on whether the Department should consider any additional criteria within its matching analysis. All comments must be submitted no later than 14 days from the date of publication of this notice in the **Federal Register**. If a party believes that there are product characteristics other than the three enumerated in the Department's questionnaire which should be considered in performing product comparisons, the party should: (1) Specify the characteristic(s); (2) explain why they believe the characteristic is essential in defining identical and similar merchandise, including the effect of the product characteristics on both the cost of manufacturing and the selling price of

the merchandise; and (3) if the party is a respondent in this administrative review, the respondent should explain how the product characteristic(s) has been captured in the respondent's reported control numbers.

In this administrative review, Daido did not submit DIFMER information for its United States and home market products because the company claimed that there were contemporaneous home market sales of identical merchandise for comparison to every U.S. sale. However, in performing product comparisons using the methodology described above, we were unable to identify an identical product for every U.S. sale, as claimed by Daido.

Section 776(a)(2) of the Act provides that if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides information which cannot be verified, the Department shall use FA in reaching the applicable determination. Because the Department is unable to compare every U.S. sale to identical sales of identical merchandise in the comparison market and Daido failed to provide DIFMER information in its questionnaire response, the Department is compelled to use FA with regard to the DIFMER. Accordingly, for those U.S. sales where contemporaneous home market sales of identical merchandise do not exist, we are applying, as non-adverse FA, the weighted-average price-to-price margin calculated for those U.S. sales where we were able to make identical comparisons. For purposes of the final results, we will request that Daido provide the requisite DIFMER information.

Level of Trade

To the extent practicable, we determine NV for sales at the same level of trade as the U.S. sales (either EP or CEP). When there are no sales at the same level of trade, we compare U.S. sales to home market (or, if appropriate, third-country) sales at a different level of trade.

For both EP and CEP, the relevant transaction for the level-of-trade analysis is the sale (or constructed sale) from the exporter to the importer. While the starting price for CEP is that of a subsequent resale to an unaffiliated buyer, the construction of the CEP results in a price that would have been charged if the importer had not been affiliated. We calculate the CEP by removing from the first resale to an independent U.S. customer the expenses under section 772(d) of the Act and the profit associated with these expenses. These expenses represent activities undertaken by the affiliated importer. Because the expenses deducted under section 772(d) represent selling activities in the United States, the deduction of these expenses normally yields a different level of trade for the CEP than for the later resale (which we use for the starting price). Movement charges, duties and taxes deducted under section 772(c) do not represent activities of the affiliated importer, and we do not remove them to obtain the CEP level of trade. The NV level of trade is that of the starting-price sales in the home market. When NV is based on constructed value, the level of trade is that of the sales from which we derive SG&A and profit.

To determine whether home market sales are at a different level of trade than U.S. sales, we examine whether the home market sales are at different stages in the marketing process than the U.S. sales. The marketing process in both markets begins with goods being sold by the producer and extends to the sale to the final user, regardless of whether the final user is an individual consumer or an industrial user. The chain of distribution between the producer and the final user may have many or few links, and each respondent's sales occur somewhere along this chain. In the United States, the respondent's sales are generally to an importer, whether independent or affiliated. We review and compare the distribution systems in the home market and U.S. export markets, including selling functions, class of customer, and the extent and level of selling expenses for each claimed level of trade. Customer categories such as distributor, original equipment manufacturer (OEM), or wholesaler are commonly used by respondents to describe levels of trade, but, without substantiation, they are insufficient to establish that a claimed level of trade is valid. An analysis of the chain of distribution and of the selling functions substantiates or invalidates the claimed levels of trade. If the claimed levels are different, the selling functions performed in selling to each level should also be different. Conversely, if levels of trade are nominally the same, the selling functions performed should also be the same. Different levels of trade necessarily involve differences in selling functions, but differences in selling functions, even substantial ones, are not alone sufficient to establish a difference in the levels of trade. A different level of trade is characterized by purchasers at different stages in the chain of distribution and sellers performing qualitatively or quantitatively different functions in selling to them.

When we compare U.S. sales to home market sales at a different level of trade, we make a level-of-trade adjustment if the difference in levels of trade affects price comparability. We determine any effect on price comparability by examining sales at different levels of trade in a single market, the home market. Any price effect must be manifested in a pattern of consistent price differences between home market sales used for comparison and sales at the equivalent level of trade of the export transaction. To quantify the price differences, we calculate the difference in the average of the net prices of the same models sold at different levels of trade. We use the average difference in net prices to adjust NV when NV is based on a level of trade different from that of the export sale. If there is a pattern of no consistent price differences, the difference in levels of trade does not have a price effect and, therefore, no adjustment is necessary.

CEP Offset. The statute also provides for an adjustment to NV when NV is based on a level of trade different from that of the CEP if the NV level is more remote from the factory than the CEP and if we are unable to determine whether the difference in levels of trade between CEP and NV affects the comparability of their prices. This latter situation can occur where there is no home market level of trade equivalent to the U.S. sales level or where there is an equivalent home market level but the data are insufficient to support a conclusion on price effect. This adjustment, the CEP offset, is identified in section 773(a)(7)(B) and is the lower of the following:

- The indirect selling expenses on the home market sale, or
- The indirect selling expenses deducted from the starting price in calculating CEP.

The CEP offset is not automatic each time we use CEP. The CEP offset is made only when the level of trade of the home market sale is more advanced than the level of trade of the U.S. (CEP) sale and there is not an appropriate basis for determining whether there is an effect on price comparability.

In this administrative review, Daido claimed that there were different LOTs between the home market and U.S. CEP sales and that a CEP offset was warranted. As noted above, Daido owns a Japanese trading company, Daido Tsusho, which, in turn, owns a U.S. sales subsidiary, Daido Corporation.

Daido, Daido Tsusho, and Daido Corporation are therefore considered affiliated parties within the meaning of section 771(33) of the Act.

In implementing the above referenced principles in this review, we first looked for different stages of marketing between CEP and NV. We found that there was one stage of marketing in the home market—direct sales of roller chain from Daido to unaffiliated customers. We then examined the selling functions performed by Daido with respect to both markets. In analyzing whether separate LOTs existed, we found that no single selling activity was sufficient to warrant finding a separate LOT (*see* Notice of proposed rulemaking and request for public comments, 61 FR 7307, 7348 (February 27, 1996)). We found that Daido's selling functions in the home market included sales administration, billing, maintaining inventory, and arranging freight services. In the U.S. market, we also found one stage of marketing—direct sales of roller chain between Daido/Daido Tsusho and Daido Corporation. We found that the selling functions included in the CEP after making deductions under section 772(d) of the Act included sales administration, maintaining inventory, arranging freight services, and preparing export documentation.

A different level of trade is characterized by purchasers at different places in the chain of distribution and sellers performing qualitatively or quantitatively different functions in selling to them. *See AFBs* at 2105. Based on the findings noted above concerning Daido's U.S. and home market sales, we conclude for these preliminary results that the U.S. and home market sales were not made at different points in the channel of distribution and that the selling functions performed for Daido's CEP sales were not sufficiently different from those performed for home market sales. We find, therefore, that Daido's sales in the home market and in the United States market are at the same level of trade. (For further discussion of this issue, see the LOT Memorandum from Holly Kuga to Jeffrey P. Bialos dated April 30, 1997, on file in room B–099 of the main Commerce building.)

With respect to RK, in its questionnaire responses, it did not state that there were differences in its selling activities by customer categories within each market or between markets. Therefore, in the absence of information in R.K.'s questionnaire responses, which might lead us to reach a different conclusion, we have determined for purposes of these preliminary results that all sales in the home market and the U.S. market were made at the same level of trade and no adjustment pursuant to section 773 (a) (7) (A) of the Act is warranted.

Sales Comparisons

To determine whether sales of roller chain by the respondents to the United States were made at less than fair value, we compared the EP or CEP to the NV, as described in the ''Export Price and Constructed Export Price'' and ''Normal Value'' sections of this notice. In accordance with section 777A(d)(2) of the Act, we compared the EP and CEP of individual transactions to the weighted-average NV of contemporaneous sales of the foreign like product.

Export Price and Constructed Export Price

For Izumi and certain sales made by Daido, we calculated EP, in accordance with subsections 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 CEP methodology was not otherwise warranted based on the facts of record. Regarding RK, the company made sales to Nissho Iwai Corporation (NIC), an affiliated trading company. NIC, in turn, sold the merchandise to Alloy Tool Steel, Inc. (ATSI), its affiliated selling agent in the United States. Where these sales to the unaffiliated customer took place prior to importation into the United States, we preliminarily determine U.S. price to be based on EP for the following reasons: (1) The merchandise in question was shipped directly from the manufacturer to the unaffiliated buyer, without being introduced into the physical inventory of the affiliated selling agent; (2) this was the customary commercial channel for sale of this merchandise between the parties involved, and; (3) the affiliated selling agent in the United States acted only as a processor of documentation and a communication link with the unaffiliated buyer. See Notice of Final Determination of Sales at Less Than Fair Value: Beryllium Metal and Beryllium Alloys from the Republic of Kazakstan, 62 FR 2648, 2649 (January 17, 1997); *see also* April 30, 1997, Memorandum from the Team to Jeffrey P. Bialos, Regarding the Treatment of U.S. Sales of Roller Chain Manufactured by RK.) It is the Department's practice in instances where all three criteria are met to regard the routine selling functions of the exporter as ''merely having been relocated geographically from the country of exportation to the United States,'' and to, therefore, find the sales to be EP sales. See Notice of Final Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, From Germany, 61 FR 38166 (July 23, 1996).

NIC is affiliated with both ATSI and RK pursuant to section 771(33) of the Act. However, based on the information on the record, we preliminarily conclude that RK and ATSI are not affiliated parties under section 771(33) of the Act. Therefore, for purposes of these preliminary results, we are treating RK's sales to ATSI as EP sales.

We calculated CEP for certain sales made by Daido and RK, in accordance with section 772(b) of the Act, where sales to the first unaffiliated purchaser took place after importation into the United States.

For Daido, RK, and Izumi we calculated EP and CEP based on packed prices to the first unaffiliated customer in the United States. In accordance with section 772(c)(2)(A) of the Act, we made deductions, where appropriate, for inland freight from the plant to port, inland insurance, brokerage and handling, international freight, marine insurance, and U.S. Customs duties.

For CEP sales made by Daido and RK, we made deductions, where appropriate, for direct selling expenses including advertising, credit and commissions paid to unaffiliated distributors and agents in accordance with section 772(d)(1) of the Act. In addition, we deducted those indirect selling expenses which were associated with economic activity occurring in the United States. These included inventory carrying costs incurred in the United States and the indirect selling expenses of the affiliated U.S. distributors. For RK, we also deducted certain indirect selling expenses incurred in the home market which were associated with economic activity occurring in the United States. We made adjustments for CEP profit in accordance with sections 772(d)(3) and (f) of the Act. Because neither Daido or RK were required to report cost information, the Department was unable to use such data submitted to determine the total expenses (*i.e.*, cost of manufacturing and selling, general and administrative expenses) and total actual profit for purposes of computing CEP profit. Section 772(f) of the Act provides three alternative methods for determining total expenses and total actual profit. These alternatives form a hierarchy where the use of any one of the methods depends on the data available to the Department from the case record. We were unable to apply the first alternative (section 772(f)(2)(C)(i), the actual expenses incurred in the United States and the

home market with respect to the merchandise under investigation) because the Department is not conducting a sales below cost investigation and, therefore, the Department did not request COP information for the home market products and CV information for all U.S. products. In addition, we were unable to apply the second alternative (section 772(f)(2)(C)(ii), the expenses incurred with respect to the narrowest category of merchandise sold in the United States and the exporting country which includes the subject merchandise) because the financial statements of RK and Daido are not specific to the production costs and sales information of merchandise sold only in the United States and home market. Therefore, we calculated CEP profit using alternative three (section 772(f)(2)(C)(iii), the expenses incurred with respect to the narrowest category of merchandise sold in all countries which includes the subject merchandise). Under this alternative, we calculated the profit percentage for RK and Daido based on the respondent's own financial statements for fiscal year 1995/1996 for merchandise produced and sold by the respondent in all countries.

We made additional company-specific adjustments as follows:

A. RK

For CEP sales, we deducted the cost of further manufacturing in the United States in accordance with Section 772(d) (2) of the Act.

B. Daido

For EP sales, we added the amount of interest revenue collected by Daido in instances where the U.S. customer made a late payment. We also made deductions for quantity discounts.

Normal Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared each respondent's volume of home market sales of foreign like product to the volume of U.S. sales of the subject merchandise in accordance with section 773(a)(1)(C) of the Act. Since the aggregate volume of home market sales of the foreign like product was greater than five percent of the aggregate volume of U.S. sales of the subject merchandise, and there was no evidence indicating that a particular market situation in the exporting country did not permit a proper comparison, we determined that the home market was viable for the respondents. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we based NV on the prices at which the foreign like products were first sold for consumption in the exporting country. We calculated NV as described in the ''Price-to-Price Comparisons'' and ''Price-to-Constructed Value'' sections of this notice, below.

Regarding Izumi, the company identified a reseller in the home market to which it was affiliated pursuant to section 771(33)(E) of the Act. However, Izumi failed to report the downstream sales of this affiliated customer to the first unaffiliated customer. Instead, the company reported its own sales to the affiliated customer. Izumi claimed that it was unable to obtain the downstream sales information of its affiliated customer because it does not hold any stock ownership in the customer and the customer is a much larger entity than Izumi. Because Izumi's sales to this affiliated customer accounted for a significant percentage of its total sales of the foreign like product during the POR, in our supplemental questionnaire we requested that Izumi either: 1) Report the downstream sales of this affiliated customer; or 2) demonstrate that its sales to this affiliated customer were at arm's length prices.

In its supplemental questionnaire response, Izumi failed to report the downstream sales and failed to show that its sales to the affiliated customer were at arm's length. In addition, because the total quantity of sales to unaffiliated parties during the POR was so small and certain products were only sold to affiliated customers, we found that there are an insufficient number of unaffiliated sales to provide a meaningful comparison to affiliated party sales. Therefore, we concluded that our standard arm's length test would not produce reliable results. *See* Final Results of Antidumping Administrative Review: Roller Chain, other than Bicycle, from Japan, 61 FR 64329 (December 4, 1996).

Insofar as we were unable to test whether Izumi's sales to this affiliated customer were made at arm's-length prices, we have, therefore, assumed for these preliminary results that all sales between Izumi and the affiliated customer were not made at arm's length prices and have excluded these sales from the calculation of NV. *See, e.g.,* Preliminary Determination of Sales at Less Than Fair Value: Certain Pasta from Italy, 61 FR 1350 (January 19, 1996) (excluding sales that were not at arm's length from the calculation of NV); *see also* Preliminary Results of Antidumping Duty Administrative Review: Certain Hot-Rolled Lead and Bismuth Carbon Steel Products, 55 FR 42230 (October 18, 1990) (stating that affiliated party sales can only be used if the Department is satisfied that the price is comparable to the price at which the exporter/producer sold the foreign like product to an unaffiliated person).

Section 776(a)(2) of the Act provides that if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or requested format, significantly impedes a proceeding under the antidumping statute, or provides information that cannot be verified, the Department shall use FA in reaching the applicable determination. Despite numerous requests by the Department, Izumi failed to report the downstream sales of its affiliated customer in its home market sales listing. In addition, as noted above, the Department is unable to conduct an arm's length price analysis to determine whether Izumi's sales to this affiliated customer were indeed at arm's length prices. Therefore, the Department has no reliable basis for determining whether these sales can be used to calculate NV. Since Izumi's home market sales do not provide a reliable basis on which to calculate NV, the Department is compelled to use FA.

Given that Izumi attempted to obtain the downstream sales information of its affiliated customer and Izumi has otherwise complied with all of the Department's requests for information, we find that Izumi has acted to the best of its ability to comply with the Department's information requests in this review and that an adverse inference is not warranted pursuant to Section 776(b) of the Act. *See also* the SAA at 870. However, we will continue to examine the relationship between Izumi and its affiliated customer in future reviews.

As noted above, the quantity of sales to unaffiliated parties in the home market during the POR is insignificant. Because we did not find this quantity to be sufficient to validate the arm's length nature of the affiliated party sales and we believe that a significant potential for price manipulation exists with regard to these sales, we find that these sales do not provide a reliable basis on which to calculate NV for these preliminary results. Therefore, we have disregarded all home market sales and have calculated NV based on CV in accordance with section 773(a)(4) of the Act. For discussion of the CV calculation, see the ''Price-to-CV'' section of this notice, below.

Price to Price Comparisons

With respect to RK, where there were contemporaneous sales of the

comparison product, we based NV on home market prices. As noted in the ''Product Comparisons'' section above for Daido, we based NV on home market prices only in instances where contemporaneous sales of an identical home market product existed. In instances where contemporaneous home market sales of identical home market merchandise did not exist, we disregarded the similar home market sales and applied the weighted-average price-to-price margin calculated for those U.S. sales where we were able to make identical comparisons to the quantity of U.S. sales. (For a further discussion of this issue, *see* the ''Product Comparisons'' section of this notice, above).

We made deductions, where appropriate, from the starting price for inland freight, insurance, and other transportation expenses. In addition, we made circumstance of sale adjustments for direct expenses, including credit, where appropriate, in accordance with section 773(a)(6)(C)(iii) of the Act. We deducted home market packing costs and added U.S. packing costs in accordance with sections 773(a)(6) (A) and (B) of the Act.

Where commissions were paid on EP sales for RK and Daido, we deducted home market indirect selling expenses up to the amount of the U.S. commission from NV and added the amount of the U.S. commission. Where commissions were paid on CEP sales made by RK, we deducted from NV the lesser of either: (1) the weighted-average amount of commission and indirect selling expenses paid on a U.S. sale for a particular product; or (2) the weighted-average amount of indirect selling expenses paid on the home market sales for a particular product.

A. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated CV for Izumi based on the sum of the COM of the product sold in the United States, plus amounts for home market selling, general and administrative expenses (SGA), profit, and U.S. packing costs. Since Izumi had no sales of the foreign like product in the ordinary course of trade during the POR, we calculated home market selling expenses and profit using alternative methodologies in accordance with section 773(e)(2)(B). We calculated Izumi's selling expenses as described in section 773(e)(2)(B)(ii). That is, we used the weighted-average selling expenses experienced by Daido and RK, which are exporters or producers subject to review, in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the home market. We calculated profit as described in section 773(e)(2)(B)(iii) of the Act, which specifies that profit can be calculated using any other reasonable alternative. For these preliminary results, we used the actual amount of profit realized by another publicly-held non-investigated producer of roller chain in Japan. (For a further discussion, see the Izumi Memorandum from Holly Kuga to Jeffrey Bialos dated April 30, 1997, on file in room B–099 of the main Commerce building.)

Price-to-CV Comparisons

For Izumi, where we compared EP to CV, we deducted from CV the weighted-average home market direct selling expenses and added the product-specific U.S. direct selling expenses, in accordance with sections 773(a)(8) and 773(a)(6)(iii) of the Act.

Currency Conversion

For purposes of the preliminary results, we made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A (a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a ''fluctuation.'' In accordance with the Department's practice, we have determined that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine that a fluctuation exists, we substitute the benchmark for the daily rate in accordance with established practice.

Intent Not To Revoke

Daido and Enuma submitted a request in accordance with 19 CFR 353.25 (b) to revoke the order with respect to its sales of roller chain in the United States. In the final results of our most recently completed administrative review of this order, Daido and Enuma had margins that were greater than *de minimis. See Roller Chain* at 64327. Therefore, Daido and Enuma do not qualify for revocation.

Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margins exist for the period April 1, 1995, through March 31, 1996:

Manufacturer/exporter	Weighted-average margin percentage
Daido	4.98.
Enuma	10.13 (facts available).
Izumi	14.13.
Pulton	43.29 (adverse facts available).
R.K. Excel	11.29.

Parties to the proceeding may request disclosure within five (5) days of the date of publication of this notice. Any interested party may request a hearing within 10 days of the date of publication. Any hearing, if requested, will be held 44 days after the publication of this notice, or the first workday thereafter.

Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with each argument: (1) A statement of the issue; and (2) a brief summary of the argument. All case briefs must be submitted within 30 days of the date of publication of this notice. Rebuttal briefs, which are limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication. (As noted above, all comments on the model matching criteria must be submitted on or before May 22, 1997. Rebuttal comments may be filed no later than May 29, 1997.) The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments, within 120 days from the publication of these preliminary results.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between USP and NV may vary from the percentages stated above. Upon completion of this review, the Department will issue appraisement instructions directly to the Customs Service. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this review for all shipments of roller chain from Japan entered, or withdrawn from warehouse, for consumption on or after the publication date of the final, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed companies will be those rates specified in the final results, (2) for merchandise exported by manufacturers

or exporters not covered in these reviews but covered in the original LTFV investigation or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in these reviews, or the original investigation, but the manufacturer is covered, the cash deposit rate will be that established for the manufacturer of the merchandise in the final results of these reviews, or the LTFV investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in these or any previous reviews, the cash deposit rate will be 15.92 percent, the ''all-others'' rate based on the first review conducted by the Department in which a ''new shipper'' rate was established in the final results of antidumping administrative review (48 FR 51801, November 14, 1983). These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.26 to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

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

Dated: April 30, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–12045 Filed 5–7–97; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–824]

Silicomanganese From Brazil; Extension of Time Limit of Antidumping Duty Administrative Review

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

ACTION: Notice of extension of time limit.

SUMMARY: The Department of Commerce (the Department) is extending the time limit for the final results of the 1994–95 administrative review of the antidumping duty order on silicomanganese from Brazil. The Department has determined that it is not practicable to complete this review within the time limits mandated by section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act). The review covers exports of this merchandise to the United States by one manufacturer/exporter, Companhia Paulista de Ferro-Ligas (CPFL) and Sibra Eletro-Siderurgica Brasileira S.A. (Sibra) (collectively ''Ferro-Ligas Group''), for the period June 17, 1994 through November 30, 1995.

EFFECTIVE DATE: May 8, 1997.

FOR FURTHER INFORMATION CONTACT: Hermes Pinilla or Thomas O. Barlow, 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.

SUPPLEMENTARY INFORMATION:

Applicable Statute

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA).

Background

On January 9, 1997, the Department published in the **Federal Register** (62 FR 1320) the preliminary results of 1994–95 administrative review of the antidumping duty order on silicomanganese from Brazil (59 FR 66003, December 22, 1994)). The period of review (POR) is June 17, 1994 through November 30, 1995. In our notice of preliminary results of review we stated that we intended to publish the final results of this review within 120 days of publication of the preliminary results.

Postponement of Final Results of Review

Section 751(a)(3)(A) of the Act requires the Department to make a final determination within 120 days after the date on which the preliminary determination is published. However, if it is not practicable to complete the review within the foregoing time, the Department may extend the 120 day period for making a final determination to 180 days.

We determine that it is not practicable to issue the final results of this review within the 120-days for the reasons contained in the Memorandum from Richard W. Moreland to Robert S. LaRussa, April 30, 1997, on file in Room B–099 of the Main Commerce Building.

Accordingly, we are extending the deadline for making our final determination and issuing the final results in this review. We intend to issue the final results of review by July 8, 1997, which is 180 days after the publication of our preliminary results. This extension is in accordance with section 751(a)(3)(A) of the Act.

Dated: April 30, 1997.

Richard W. Moreland,

Acting Deputy Assistant Secretary for AD/CVD Enforcement.

[FR Doc. 97–12048 Filed 5–7–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–122–827, C–428–823, C–274–803, and C–307–814]

Steel Wire Rod From Canada, Germany, Trinidad and Tobago, and Venezuela; Extension of Time Limit for countervailing duty investigations

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

ACTION: Notice of extension of time limit for countervailing duty investigations.

SUMMARY: The Department of Commerce (the Department) is extending the time limits for its preliminary determinations in the countervailing duty investigations on steel wire rod from Canada, Germany, Trinidad and Tobago, and Venezuela.

EFFECTIVE DATE: May 8, 1997.

FOR FURTHER INFORMATION CONTACT: Robert Bolling (Canada), Daniel Lessard (Germany), Vince Kane (Trinidad and Tobago) and Chris Cassel (Venezuela), Import Administration, International Trade Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 482–1386, 482–1778, 482–2815, and 482–4847.

SUPPLEMENTARY INFORMATION: At the request of the petitioners, the Department is extending the time limit for the completion of the preliminary determinations to no later than July 28, 1997, in accordance with section 703(c)(1)(A) of the Tariff Act of 1930 (the Act), as amended by the Uruguay