Countervailing Enforcement, Attention: Sheila Forbes, in room 3065 of the main Commerce Building. Further, in accordance with section 351.303(f)(1)(i) of the regulations, a copy of each request must be served on every party on the Department's service list.

The Department will publish in the **Federal Register** a notice of ''Initiation of Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation'' for requests received by the last day of October 1997. If the Department does not receive, by the last day of October 1997, a request for review of entries covered by an order, finding, or suspended investigation listed in this notice and for the period identified above, the Department will instruct the Customs Service to assess antidumping or countervailing duties on those entries at a rate equal to the cash deposit (or bond for) estimated antidumping or countervailing duties required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

This notice is not required by statute but is published as a service to the international trading community.

Dated: September 26, 1997.

Jeffrey P. Bialos,

Principal Deputy Assistant Secretary for Import Administration.

[FR Doc. 97–26195 Filed 10–1–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–489–501]

Notice of Final Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube From Turkey

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

SUMMARY: On May 13, 1997, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on certain welded carbon steel pipe and tube from Turkey. The review covers shipments of this merchandise to the United States during the period of review (POR) May 1, 1993, through April 30, 1994.

Based on our analysis of the comments received, and the correction of certain ministerial errors, we have changed the preliminary results. The final results are listed below in the section ''Final Results of Review.''

EFFECTIVE DATE: October 2, 1997.

FOR FURTHER INFORMATION CONTACT: Charles Riggle or Kris Campbell, Office of AD/CVD Enforcement II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–0650 and (202) 482–3813, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

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

Background

This review covers two manufacturers/exporters to the United States of the subject merchandise, the Borusan Group (Borusan) and Yucelboru Ihracat Ithalat ve Pazarlama A.S. (Yucelboru). On May 13, 1997, the Department published in the **Federal Register** the *Preliminary Results of Administrative Review of the Antidumping Duty Order on Certain Welded Carbon Steel Pipe and Tube from Turkey* (62 FR 26286) (*Preliminary Results*). We received case and rebuttal briefs from the petitioners [1] and Borusan on June 19, 1997, and June 26, 1997, respectively. Yucelboru did not submit a case or rebuttal brief. On August 1, 1997, we requested comments from Borusan and the petitioners regarding how we intended to calculate importer-specific *ad valorem* assessment rates for Borusan. Since Yucelboru's margin in the preliminary results was *de minimis*, we did not request comments from Yucelboru. On August 5, 1997, we received comments on the assessment rate from the petitioners.

The Department has now completed this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Review

Imports covered by this review are shipments of certain welded carbon steel pipe and tube products with an outside diameter of 0.375 inch or more but not over 16 inches, of any wall thickness. These products are currently classifiable under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. These products, commonly referred to in the industry as standard pipe and tube, are produced to various American Society for Testing and Materials (ASTM) specifications, most notably A–120, A–53 or A–135.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Comparison of United States Price and Foreign Market Value

For both companies involved in this review, we calculated transaction-specific U.S. prices (USP) and compared them to foreign market values (FMV) based on either weighted-average home market prices or constructed values (CV). For price-to-price comparisons, we compared identical merchandise, where possible. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we made comparisons of similar merchandise based on the characteristics listed in the Department's antidumping questionnaire.

Where sales were made in the home market on a different weight basis from the U.S. market (*e.g.*, theoretical versus actual weight), we converted all quantities to the same weight basis, using the conversion factors supplied by the company, before making our fair value comparisons.

We have determined that Turkey experienced a high rate of inflation throughout the POR, as measured by the wholesale price index (WPI) published in *International Financial Statistics.* (*See* Comment 1 below). Therefore, in accordance with our practice, and in order to avoid the distortions caused by the effects of this level of inflation on prices, we did not apply the Department's 90/60 day rule if we were unable to match sales within the same month. Rather, we resorted to CV as the basis of FMV. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Steel Concrete Reinforcing Bars from Turkey,* 62 FR 9737, 9738 (March 4, 1997) (*Rebar from Turkey*).

In accordance with 19 CFR 353.58, we made comparisons at the same level of trade, where possible (*see* Sales Comment 8 below). For Borusan, we determined that there was one U.S. level of trade (*i.e.*, distributor) and three home market levels of trade: wholesaler/distributor, retailer, and end-user. Yucelboru had no level of trade distinctions in either market.

[1] The petitioners are Allied Tube & Conduit and Wheatland Tube Company.

United States Price

We based USP on purchase price in accordance with section 772(b) of the Act, because the subject merchandise was sold directly to the first unrelated purchaser in the United States prior to importation and the exporter's sales price methodology was not indicated by the facts of record. We calculated purchase price based on the same methodology used in the *Preliminary Results,* with the following exceptions:

Borusan

1. We corrected the gross unit price and quantity reported for one sales transaction (*see* Comment 9 below);
2. We added countervailing duties imposed on the subject merchandise to offset export subsidies, pursuant to section 772(c)(1)(C) of the Act (*see* Comment 11 below); and
3. We converted certain direct selling and movement expenses from Turkish lira to U.S. dollars using exchange rates based on the date of shipment (*see* Comment 15 below).

Yucelboru

1. We converted certain movement expenses from Turkish lira to U.S. dollars using exchange rates based on the date of shipment.

Foreign Market Value

Where FMV was based on home market price, we used the same methodology to calculate FMV as that described in the *Preliminary Results,* with the following exceptions:

Borusan

1. We deducted home market direct selling expenses and added U.S. direct selling expenses as a COS adjustment to FMV (*see* Comment 14 below); and
2. We indexed home market packing expenses before deducting them from FMV and indexed U.S. packing expenses before adding them to FMV (*see* Comment 13 below).

Yucelboru

1. We deducted home market direct selling expenses and added U.S. direct selling expenses as a COS adjustment to FMV; and
2. We indexed home market packing expenses before deducting them from FMV and indexed U.S. packing expenses before adding them to FMV.

Where FMV was based on CV, we used the same methodology for Borusan as that described in the *Preliminary Results,* with the following exceptions:

1. We adjusted the calculated interest expenses to avoid double counting imputed credit and inventory carrying expenses (*see* Comment 5 below);
2. We indexed all material costs (*see* Comment 3 below); and
3. We deducted home market direct selling expenses and added U.S. direct selling expenses as a COS adjustment to FMV (*see* Comment 14 below).

Cost of Production

As discussed in the *Preliminary Results,* we conducted an investigation to determine whether Borusan or Yucelboru made home market sales during the POR at prices below its cost of production (COP) within the meaning of section 773(b) of the Act (*see also* Comment 2 below). We disregarded individual below-cost sales of models for which greater than 10 percent and no more than 90 percent of sales were sold at less than COP over an extended period of time. We disregarded all sales of models with greater than 90 percent of sales at less than COP over an extended period of time.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received comments and rebuttal comments from the petitioners and Borusan, but did not receive any comments from Yucelboru.

Comment 1: Inflation. Borusan argues that Turkey did not experience hyperinflation until the last four POR months (January through April, 1994). Accordingly, Borusan argues that the Department should limit the application of its hyperinflationary methodology to sales made during these months. Citing *Final Determination of Sales at Less Than Fair Value: Certain Fresh Cut Flowers from Peru,* 52 FR 7000, 7002 (March 6, 1987) (*Flowers from Peru*), Borusan states that the Department that previously limited its hyperinflationary methodology in this manner where a country experiences high inflation for a only a few months during the POR. As support for its position, Borusan claims that Turkey's inflation rate for 1993 was 56 percent, which is below the Department's established threshold of 60–65 percent (citing, *inter alia,* Import Administration Policy Bulletin Number 94.5, ''Differences in Merchandise Calculation in Hyperinflationary Economies'' (March 25, 1994) at 1, n.1).

The petitioners respond that the Department appropriately applied its hyperinflationary methodology to the entire POR. Citing *Final Results of Administrative Review: Certain Fresh Cut Flowers from Colombia,* 61 FR 42833, 42845 (August 19, 1996) (*Flowers from Colombia*), the petitioners note that, contrary to Borusan's claim that the hyperinflationary threshold is 60 percent, the Department recently stated that economies are considered hyperinflationary where annual inflation is greater than 50 percent. The petitioners assert, therefore, that the 56 percent inflation rate for 1993 cited by Borusan is hyperinflationary.

The petitioners further add that Borusan provided no justification for why the Department should differentiate between certain months within the review period and state that no justification exists because, in this case, the POR inflation rate exceeds 125 percent. Regarding the precedent cited by Borusan for such a differentiation, the petitioners note that *Flowers from Peru* was an investigation and content that, consequently, the Department's practice of using aggregate comparison market prices and costs in investigations (as opposed to monthly prices in reviews) makes investigations more appropriate proceeding for using a hyperinflationary methodology for only part of the period.

DOC Position: We agree with the petitioners. Although Import Administration Policy Bulletin Number 94.5 states that ''an economy is deemed to be hyperinflationary if its monthly or annual inflation rates are greater than 5 percent and 60 percent, respectively,'' in recent cases we have considered inflation rates lower than 60 percent to warrant application of our high-inflation methodology to avoid the distortions that may be caused by such inflation. *See Flowers from Colombia,* at 42845 and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Turkey,* 61 FR 30309, 30314 (June 14, 1996) (*Pasta from Turkey*). Thus, even if we were to split the POR into 1993 and 1994 segments as requested by Borusan, we would find high inflation to exist for the entire period, since the inflation rate was greater than 50 percent during both 1993 and 1994.

We further note with respect to Borusan's proposal to break the POR into discrete periods that, although not dispositive of this issue, we routinely examine the entire review period when determining whether high inflation exists. Borusan has provided no compelling rationale to depart from this methodology other than citing inflation rates for the two periods. *See Pasta from Turkey,* at 30314, and *Notice of Final Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube from Turkey,* 61 FR 69067, 69068 (December 31, 1996) (the *1994–95 Review*). With respect to the one case cited by Borusan where the Department treated one portion of the period as inflationary and the other portion as non-inflationary,

wholesale price index data compiled by the International Monetary Fund (IMF) indicate that the inflation rate for the period designated as non-inflationary in that case exceeded 50 percent. As such, the finding in *Flowers from Peru,* which was made over ten years ago, conflicts with our current practice.

Comment 2: Initiation of Cost Investigation. Borusan argues that the Department improperly initiated a sales-below-cost investigation because: (1) The petitioners' cost allegation was not submitted until 14 months after the deadline set forth in 19 CFR 353.31(c)(ii); and (2) the allegation contained serious methodological flaws. With respect to the issue of timeliness, Borusan contends that, even though the issuance of the questionnaire and the submission of the response both occurred after the regulatory deadline for filing COP allegations (120 days after initiation of the review), the petitioners should not be excused for filing the COP allegation an additional six months after the submission of the sales questionnaire response (citing *Notice of Final Results of Antidumping Duty Administrative Review: Certain Forged Steel Crankshafts From the United Kingdom,* 60 FR 52150, 52153 (October 5, 1995) (*Crankshafts from the U.K.*)). Borusan adds that the allegation was insufficient because it: (1) Deducted credit expenses from the HM prices while including them in the costs, and (2) excluded downstream HM sales by related resellers from the analysis. Borusan contends that because the sales-below-cost investigation was improperly initiated, the Department should ignore the results of the cost test (citing *Koyo Seiko, Ltd.* v. *United States,* 806 F. Supp. 1008 (1992)).

The petitioners maintain that because the Department did not issue its questionnaire in this review until 254 days after publication of the notice of initiation, the 120-day time limit does not apply, and the Department was free to establish any reasonable date as the deadline for the sales-below-cost allegation. The petitioners state, however, that the Department did not establish a new deadline for filing a COP allegation. The petitioners add that the computerized version of Borusan's initial sales questionnaire response (filed in May 1995) was unreadable, as acknowledged by Borusan, and state that Borusan did not submit a readable computer tape until September 1995. Finally, the petitioners contend that the COP allegation itself is accurate because: (1) Non-investment interest expenses are in fact not included in the COPs, and (2) the exclusion of reseller sales is in accord with Borusan's claims during the POR that the Department should not consider such sales in its dumping analysis.

DOC Position: We agree with the petitioners. Regarding the timeliness of the sales-below-cost allegation, section 353.31(c)(1)(ii) of our regulations authorizes the Secretary to determine a new time limit beyond the general 120-day limit for alleging sales below cost if, in the Secretary's view, a relevant response is untimely or incomplete. In this respect, we find that a number of factors warrant our acceptance of the petitioners' allegation. The Department delayed issuance of the sales questionnaire until February 24, 1995, and the computerized version of Borusan's initial questionnaire response submitted on May 25, 1995, was unreadable. Therefore, the petitioners did not initially have the requisite data with which to make the allegation until a readable computerized version of Borusan's questionnaire response was submitted on September 29, 1995. Once the petitioners received the necessary data, they filed their allegation on January 11, 1996, which was within a reasonable time after receiving readable computer data under the circumstances of this case. During the period September 29, 1995, to January 11, 1996, there were closures at the Department due to the Federal budget crisis and a blizzard (*i.e.*, November 15 through 21, 1995, and December 16, 1995, through January 11, 1996). These extenuating circumstances were clearly beyond the petitioners' control. In addition, the petitioners requested an extension for filing their allegation. This is unlike the facts in *Crankshafts from the U.K.*, where the petitioners failed to make an allegation of sales-below-cost until filing their case brief, even though they had access to the data that would have enabled them to file a timely allegation. *Id.*, at 52153.

Regarding the merits of the allegation, section 773(b) of the Act requires that the Department make a sales below cost determination whenever it has reasonable grounds to believe or suspect that sales in the home market have been made at prices below the cost of production. As stated in our December 4, 1996, ''Petitioners' Allegation of Sales Below the Cost of Production Memorandum'' (*COP Allegation Memorandum*), we found that the data submitted by the petitioners, which was based on information contained in Borusan's questionnaire responses, provided reasonable grounds to believe or suspect that Borusan had made below-cost sales.

Borusan's claims notwithstanding, we determined that the methodology used by petitioners gave us reason to suspect that sales were made below cost. Because petitioners excluded non-investment interest expenses from the SG&A component of COP, thereby understating Borusan's actual costs, they made a corresponding adjustment to price by subtracting credit expenses. Based on this analysis there was a considerable number of sales made below cost. Furthermore, for a significant number of these sales the price/cost differential was such that, even if credit expenses were added back into the price calculation, we had reason to believe that these would have been below-cost sales.

Second, we did not include sales made by Borusan's related resellers in our analysis of the cost allegation because neither we nor the petitioners could determine from Borusan's response the additional costs incurred by the related resellers. Therefore, we did not find it appropriate to include these sales in our analysis of whether to initiate a below-cost investigation. *See COP Allegation Memorandum.* Moreover, the sales we did examine were ''representative of the broader range of foreign models which may be used to determine FMV for the various U.S. models'' and our analysis of the below-cost allegation regarding these sales indicated that there was a sufficient basis to initiate a below-cost investigation. *See* Import Administration Policy Bulletin No. 94/1, ''Cost of Production—Standards for Initiation of Inquiry'' (March 25, 1994).

Comment 3: Exclusion of Material Costs from WPI Adjustment to COP. The petitioners allege that the Department erroneously excluded some, but not all, raw materials from the indexing of the cost of manufacturing (COM). Specifically, the petitioners claim that the Department failed to subtract varnish and coupling costs from the total monthly COM figures before indexing. The petitioners contend that the Department should index the rest of the COM, calculate a weighted average, then deflate the average and add direct materials costs, including the varnish and coupling costs, to calculate the monthly COM.

Borusan concurs with the petitioners that the Department should subtract varnish and coupling costs before indexing and calculating the COM.

DOC Position: We disagree with both parties. In cases involving high inflation, it is our general practice to index all costs, whether they are reported on a replacement cost or historical cost basis. In the *Preliminary Results,* the coil, zinc, varnish and coupling costs all should have been

indexed in order to derive indexed weighted-average COMs that include raw materials costs. In high-inflation cases, it is normally the Department's practice to request that respondents report their material costs on a monthly replacement cost basis (*i.e.*, the costs to the producer to replace the materials in the month consumer). *See Final Results of Antidumping Duty Administrative Review: Ferrosilicon from Brazil,* 61 FR 59407, 59408 (November 22, 1996). This data reflects the increases in materials costs from month to month due to inflation.

However, in accordance with our practice, we still need to index all monthly replacement costs forward to the end of the POR in order to calculate a POR weighted-average COM, which applies to both inflationary and non-inflationary cases. We then deflate this POR average COM to derive a cost for each month that is based on a POR weighted average. This monthly cost is then compared to sales in that month. It we did not index costs in this manner, our calculations could be affected by monthly changes, other than inflation, that affect these costs (*i.e.*, price fluctuations due to material shortages).

Comment 4: Use of Production Quantity. The petitioners maintain that the Department should use monthly production quantities contained in Borusan's post-verification data submission rather than sales quantities to weight-average the indexed COP.

Borusan claims that the Department did in fact use production quantities to weight average the COP in the preliminary results and therefore no correction is required.

DOC Position: We agree with Borusan. In the *Preliminary Results,* we used the production quantities contained in Borusan's March 31, 1997, data submission to weight-average COP (*see* lines 22436, 22437, 22561 and 22562 of Department's SAS margin program used in the *Preliminary Results*). The preliminary results calculation memorandum erroneously stated that we used the sales quantity to weight-average the indexed conversion costs. *See Analysis for Borusan Group (Calculation Memorandum*)(May 8, 1997). We have continued to use the production quantities to weight-average the COP in the final results.

Comment 5: Interest Expense—Inclusion of Foreign Exchange Gains and Losses. Borusan claims that the Department should exclude foreign exchange losses from the interest expense calculation used in the COP/CV calculations. Maintaining that these losses are primarily losses on foreign currency loans due to the high inflation experienced in Turkey and the devaluation of the Turkish Lira, Borusan contends that the losses should be treated as an inflation adjustment and not as a cost of production.

The petitioners maintain that Borusan should not be allowed to exclude foreign exchange losses from its costs on the basis that a significant portion of the foreign exchange losses resulted from inflation. The petitioners contend that the Department already adjusts for the inflation effects of each cost element by using its hyperinflationary methodology to calculate infation-adjusted costs. They further contend that the Department's practice, as set forth in *Rebar from Turkey,* is to include these losses in the COP/CV financial expenses even where the economy is considered hyperinflationary. The petitioners also note that the Department's verification report indicates that the interest expenses obtained were to be adjusted using wholesale price indices for the preliminary results but that no adjustment was made.

In addition, the petitioners argue that the Department should disallow Borusan's reported foreign exchange gains as an offset to interest expense because, contrary to the Department's policy for allowing this offset, the foreign exchange gains resulted primarily from export sales and not from the importation of raw materials.

DOC Position: We agree with the petitioners that we should include Borusan's foreign exchanges losses and exclude Borusan's reported foreign exchange gains in calculating the COP/CV. With respect to foreign exchange losses, we have included this expense in our COP/CV interest expense calculation. The cost verification report notes that Borusan's foreign exchange losses are incurred on dollar-denominated debt. Further, as noted by Borusan, these losses are reflected in its income statement. The Department has clearly established that translation losses on dollar-denominated loans, as reflected in a company's income statement, are appropriately included in the cost of production because they reflect an actual increase in the amount of local currency that will have to be paid to settle these loans. *See Final Determination of Sales at Less Than Fair Value: Fresh Cut Roses from Ecuador,* 60 FR 7019, 7039 (February 6, 1995)(*Roses from Ecuador*). We not that although hyperinflation was largely responsible for the depreciation of the Turkish Lira, the inflation factor has been accounted for by indexing the interest expense for inflation using WPIs. *See Calculation Memorandum.*

With respect to foreign exchange gains, we have not included such gains in the interest expense calculation, consistent with our findings in other segments of this proceeding. *See* the *1994–95 Review* at 69072. The record evidence demonstrates that the foreign exchange gains at issue result from export sales transactions. *See* Exhibit 13 of the cost verification report. Our practice is to include foreign exchange gains as an offset to finance expenses if they are related to the cost of acquiring debt for purposes of financing production operations, and to exclude this item if it relates to sales. *See Rebar from Turkey,* at 9741, and *Pasta From Turkey,* at 30324. In this case, we find that foreign exchange gains are related to sales, not production; therefore, they should not be used as an offset for calculating home market interest expenses.

Comment 6: Imputed Credit Expense in Constructed Value/Offset to Trade Receivables and Finished Goods Inventory Portion of Interest Expense. Borusan alleges that the Department failed to adjust the CV interest expense factor to offset the imputed credit expense with that portion of actual finance expenses related to the financing of trade receivables. Borusan maintains that the Department's past practice, as set forth in *Final Determination of Sales at Less Than Fair Value: Stainless Steel Butt-Weld Pipe Fitting from Taiwan* 58 FR 28556, 28560 (May 14, 1993) (*Fittings from Taiwan*), is to include imputed credit costs in CV and offset the actual finance expenses by an amount attributed to financing trade receivables in order to avoid double counting of finance expenses. Therefore, Borusan contends that the Department should adjust the interest rate factor used for CV.

The petitioners respond that it is not clear that the Department included imputed credit expenses in the CV in the preliminary results; therefore, the Department must first ensure that it has included imputed credit costs (and inventory carrying costs) in CV before making any offset for trade receivables financing.

DOC Position: In the *Preliminary Results,* we correctly included imputed credit expenses and inventory carrying expenses in the CV. The inclusion of these imputed expenses in the CV is in accordance with our established practice prior to the amendments made to the Act by the Uruguay Round Agreements Act (URAA) effective January 1, 1995. *See. e.g., Final Determination of Sales at Less Than Value: Certain All-Terrain Vehicles from Japan,* 54 FR 4864, 4867 (January 31,

1989). However, we failed to adjust the interest expense in order to avoid double counting that portion of the interest expense that corresponds with the imputed credit expense or with the imputed inventory carrying expenses, (*i.e.*, financing of trade receivables and financing of finished goods inventory). For these final results, we offset the reported interest expense by an amount attributable to financing trade receivables and finished goods inventory. *See Fittings from Taiwan* at 28560. We calculated the offset as a percentage of trade receivables and finished goods inventory to total assets, using the balance reported in the audited financial statements. We then used this ratio to reduce the interest rate used to calculate finance expenses in our CV calculation.

Comment 7: Depreciation. The petitioners allege that Borusan incorrectly calculated its depreciation because it did not index its monthly depreciation expenses forward to equivalent terms. Rather, the petitioners allege that Borusan calculated this expense by adding the monthly amounts in its accounting records and then dividing the total by 12. Instead of calculating a simple average, the petitioners contend that Borusan should have inflated each monthly depreciation figure to December 1993 so they would be expressed in equivalent terms. The inflated figures should have then been summed and the result divided by 12 to obtain an inflation-adjusted monthly average that is then deflated to derive depreciation costs for each month. The petitioners further maintain that Borusan incorrectly deflated the simple monthly average calculated for depreciation, as noted in the Cost Verification report, and assert that the Department should deflate the monthly average depreciation using the calculation formula shown in verification exhibit M1.

Borusan responds that the Department should not recalculate the average monthly depreciation figure by expressing it in December 1993 terms because, as noted in Borusan's financial statements, the depreciation amount is already stated in December 1993 terms. Borusan contends that the petitioners' recommended approach would result in a double indexing of this cost. Also, Borusan states that the manner in which it converted this December 1993 depreciation amount to monthly POR amounts is correct. With respect to the second point, Borusan notes that the data used by the Department in the preliminary results, based on Borusan's March 31, 1997, post-verification submission, already incorporated the required correction to Borusan's depreciation adjustment in the manner prescribed in the verification report.

DOC Position: We agree with Borusan. At our request, Borusan submitted revised COP and CV databases on March 31, 1997, in which the depreciation adjustment was recalculated in accordance with our instructions. The revised data were used in the preliminary results. *See Calculation Memorandum*, at 4. Furthermore, Borusan's depreciation expenses were stated in December 1993 terms in accordance with Turkish law. Note 2 of Borusan's audited financial statements for 1992 and 1993 states that ''Turkish commercial practice and tax legislation require that financial statements be prepared in accordance with the historical cost convention with the sole exception of the optional revaluation of fixed assets on the basis of indices published on an annual basis by the Ministry of Finance.'' Note 3(f) of the financial statements indicates that property, plant and equipment were revalued on December 31, 1993 using the Ministry of Finance's officially published index of 58.4 percent. See Exhibit 4 of Borusan's questionnaire response dated May 8, 1995. Specifically, each month's depreciation expense was originally reported in December 1993 cost terms, and was then deflated to each month. *See* page 25 and Exhibit M–1 of the cost verification report. Therefore, consistent with our established practice, we have not adjusted further Borusan's depreciation expense because the reported depreciation expense had already been adjusted for inflation when the assets were revalued based on the Ministry's index. *See Rebar From Turkey at* 9748.

Comment 8: Level of Trade. Borusan contends that the Department's decision in the *Preliminary Results* to collapse certain levels of trade (LOTs) was in error. Borusan claims that it sells to five separate LOTs in the home market: (1) direct mill sales to trading companies (LOT 1); (2) direct mill sales to industrial end-users (LOT 2); (3) downstream sales to local wholesalers (LOT 3); (4) downstream sales to retailers (LOT 4); and (5) downstream sales to industrial end-users (LOT 5). Borusan argues that the Department's decision to collapse LOT 1 with LOT 3, and to collapse LOT 2 with LOT 5, is based on a fundamental misunderstanding of Borusan's reported LOTs and cannot be justified by the evidence contained on the administrative record in the review.

Borusan contends that it met its burden of justifying its claimed LOTs through the information submitted in its questionnaire response. Moreover, Borusan maintains that the Department provided insufficient explanation in the preliminary results for collapsing these LOTs. Alternatively, if the Department rejects this argument, Borusan requests that the Department use the same LOTs as it did in the *1994–95 Review*.

The petitioners contend that Borusan did not adequately differentiate or document the asserted five levels of trade, despite a specific request by the Department in a supplemental questionnaire for such differentiation and documentation.

DOC Position: We agree with the petitioners. As in the *Preliminary Results,* we treated Borusan's reported LOTs 1 and 3 as one LOT, and we treated reported LOTs 2 and 5 as one LOT.

In determining the number of LOTs under the pre-Uruguay Round Tariff Act, we examine the function of the respondent's customers and determine where in the distribution chain the customers fall (*i.e.,* wholesaler, retailer, end-user). *See* Import Administration Policy Bulletin No. 92/1, ''Matching at Levels of Trade,'' (July 29, 1992), at 2; and *Final Results of Antidumping Duty Administrative Reviews: Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate from Canada,* 61 FR 13815, 13825 (March 28, 1996). It is the respondent's responsibility to distinguish its claimed LOTs in this manner.

Applying this standard to the instant proceeding, the information provided by Borusan does not indicate that LOTs 1 and 3 are distinct, nor does it adequately distinguish LOTs 2 and 5. LOT 1 involves direct sales by Borusan to trading companies. LOT 3 involves related party resales to wholesalers. Evidence contained in Borusan's February 26, 1996, submission indicates that there is significant overlap in the functions performed and the place in the chain of distribution for the customers (trading companies and wholesalers) involved in claimed LOTs 1 and 3. For instance, certain trading companies sell directly to retailers; these trading companies have the same function in the chain of distribution as wholesalers, *i.e.*, both function as resellers of the subject merchandise to retailers. Thus, the fact that claimed LOT 1 involves direct sales while claimed LOT 3 involves resales does not establish that separate LOTs in fact exist for these sales, absent evidence that the customers involved in these two groups of sales occupy different places in the chain of distribution. Because the information provided by Borusan does

not indicate such differences in the chain of distribution, we determined that LOTs 1 and 3 are appropriately considered as one level for this review.

Our decision to collapse reported LOTs 2 and 5 is based on the same principle. Claimed LOT 2 involves direct sales to end users, while claimed LOT 5 involves related party resales to end users. As with claimed LOTs 1 and 3, our examination of the record evidence indicates that there is a significant overlap in the function of the customers in the chain of distribution for these claimed levels (end users in both cases). We therefore have collapsed LOT 2 with LOT 5. *See Final Determination of Sales at Less Than Fair Value: Certain Carbon and Alloy Steel Wire Rod from Canada,* 59 FR 18791, 18794 (April 20, 1994).

Finally, as to Borusan's argument that we use the same LOTs used in the *1994–95 Review*, the criteria upon which we examined Borusan's LOT argument in *1994–95 Review* cannot be applied to this review because those criteria apply to cases administered under the URAA. *See also* Statement of Administrative Action (SAA) accompanying the URAA at 829–831.

Comment 9: Gross Unit Price Correction. The petitioners contend that the Department should correct the gross unit price reported for the first sales transaction examined at verification (*i.e.*, SVE M.1) based on its findings.

Borusan maintains that the Department found at verification that the gross unit price reported for the sales transaction was correct.

DOC Position: We agree with the petitioners. The gross unit price reported for the sales transaction at issue is incorrect because that price is based on an incorrect weight amount noted in the sales invoice. Although Borusan reported the weight listed in the invoice, that weight was incorrectly calculated based on formulas used to convert feet to metric tons. Therefore, we have corrected this error in the sales database.

Comment 10: Verification Corrections. The petitioners state that the Department should ensure that the errors noted in Borusan's March 31, 1997, submission have been corrected in the final data used in this proceeding.

Borusan states that the Department used sales and cost databases that incorporated data corrections contained in its March 31, 1997, submission. Therefore, Borusan contends that there is no need for the Department to make any additional changes to Borusan's sales and cost information in the final results.

DOC Position: We agree with the petitioners and have ensured that the sales and costs databases that we are using for the final results incorporate all corrections from verification. In the course of examining whether the corrections noted in the March 31, 1997, submission were in fact included in the sales and cost databases, we found that certain corrections noted in verification exhibit A1, regarding customer-specific quantity rebates granted on 1993 sales, were not included in the home market database. We have corrected this for the final results.

Comment 11: Countervailing Duty Adjustment. Borusan maintains that the Department erred in not making an upward adjustment to U.S. price for countervailing duties as required by section 772(d)(1)(D) of the Act.

The petitioners did not comment on this issue.

DOC Position: We agree with Borusan. Since the countervailing duties in question concern export subsidies, we have added to the U.S. price an amount for said duties (*i.e.*, the actual amount paid in CVD). This amount was determined by multiplying the 7.26 *ad valorem* rate by the C&F value net of ocean freight expenses and CVD. *See* Exhibit O1 of the cost verification report.

Comment 12: Imputed Interest on VAT Payments. Borusan argues that the Department failed to allow a circumstance of sale (COS) adjustment for financing expenses incurred on making VAT payments in the home market. Borusan maintains that it must finance its payment of VAT taxes, and that this expense represents a carrying expense incurred by Borusan until it receives payment for the invoiced amount (inclusive of VAT) for sales made to its home market customers. Borusan contends that there is no discernible difference between adjusting for credit expenses accrued in connection with sales and financing costs incurred on VAT payments. Therefore, Borusan states that section 353.56 of the Department's regulations authorizes the Department to make an adjustment to account for the carrying costs incurred in financing VAT payments.

The petitioners respond that the claimed adjustment does not constitute a COS adjustment as defined in section 353.56 of the Department's regulations. The petitioners cite to the *1994–95 Review* where the Department disallowed a COS adjustment for the same VAT drawback claimed by Borusan in the present case.

DOC Position: We agree with the petitioners, and, consistent with our treatment of this item in other segments of this proceeding, have disallowed a COS adjustment for imputed interest resulting from delayed refunds of VAT paid on inputs. *See* the *1994–95 Review*, at 69076. Allowing Borusan such an adjustment would involve imputing an expense incurred not between Borusan and its customers, but between Borusan, its supplier, and the government. ''[W]hile such a[n expense] may affect the notion of true economic cost to [the respondent], it tells us nothing about the difference in prices that result from the different circumstances of sale.'' *See Federal-Mogul Corp.* v. *United States*, 839 F. Supp. 881, 885 (November 30, 1993).

Further, to the extent that Borusan incurs such an expense, it is incurred regardless of whether Borusan actually makes such a sale. In other words, there is no direct relationship between the imputed expense and the sales being examined. Accordingly, there is no basis for making a COS adjustment.

Comment 13: Indexation of Packing Expenses. Borusan contends that the Department should have indexed the packing expenses in connection with home market and U.S. sales because the Department found that Turkey experienced hyperinflation during the POR.

The petitioners argue that the Department should not index packing expenses because the packing costs contain a large component of raw materials which are already reported on a replacement cost basis.

DOC Position: We agree with Borusan and have indexed Borusan's packing expenses in both markets. Because the timing of packing materials purchases in a hyperinflationary economy may result in an over- or under-statement of net prices, our practice is to index all packing costs in the manner done for COM. *See Pasta From Turkey*, at 30323, and the *1994–95 Review*, at 69071.

Moreover, as noted above in Comment 3, in accordance with our practice, all costs, including materials, are indexed in hyperinflationary economy cases. Therefore, we do not accept the petitioners' argument that packing costs should not be indexed because some of the packing expenses are reported on a replacement cost basis.

Comment 14: Direct Selling Expenses. Borusan argues that the Department incorrectly deducted direct selling expenses from U.S. price and added these expenses to FMV, thus double counting the expenses. Borusan cites to section 773(a)(4) of the Act in support of its argument.

The petitioners did not comment on this issue.

DOC Position: We agree with Borusan and have corrected this error in the final results. To make the COS adjustment, we have deducted home market direct selling expenses from FMV and then added U.S. direct selling expenses to FMV.

Comment 15: Conversion of Certain Direct Selling and Movement Expenses. Borusan contends that the Department incorrectly converted certain direct selling and movement expenses from Turkish Lira to U.S. dollars by using exchange rates based on dates of sale rather than on dates of shipment.

The petitioners did not comment on this issue.

DOC Position: We agree with Borusan. In accordance with our practice, we have corrected the error by using exchange rates based on the date of shipment to convert expenses from Turkish lira to U.S. dollars. *See Final Determination of Sales at Less Than Fair Value: Silicon Metal From Brazil,* 56 FR 26977, 26980 (June 12, 1991) (Comment 3).

Comment 16: Assessment Rate. On August 1, 1997, we informed Borusan and the petitioners that we intended to calculate importer-specific *ad valorem* assessment rates on entered value. Since our antidumping questionnaire did not request Borusan to submit entered values in its questionnaire response, we informed the parties that we would calculate entered values by subtracting international freight charges from the gross unit prices reported in the U.S. sales database.

The petitioners contend that to calculate the entered values the Department should also subtract from the gross unit prices the discount that Borusan grants its customers.

Borusan did not comment on this issue.

DOC Position: We agree with the petitioners. We have removed all discounts from gross unit prices to calculate entered values.

Final Results of Review

As a result of our review, we determine that the following margins exist for the period May 1, 1993, through April 30, 1994:

Manufacturer/ exporter	Review period	Margin (percent)
Borusan	5/1/93–4/30/94	4.01
Yucelboru	5/1/93–4/30/94	0.00

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

For Yucelboru, a cash deposit rate of zero will be effective for all its shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of these final results of this administrative review, as provided by section 751(a) of the Act.

For Borusan, the cash deposit rate will continue to be 2.57 percent, the rate effective since May 16, 1997, which was published in the *Notice of Amended Final Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube from Turkey,* 62 FR 27013 (May 16, 1997).

For merchandise exported by manufacturers or exporters not covered in this review but covered in the original less-than-fair-value (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; if the exporter is not a firm covered in this or a prior review or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise; and if neither the exporter nor the manufacturer is a firm covered in this or any previous review, the cash deposit rate will be 14.74 percent, the ''all others'' rate established in the LTFV investigation.

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

This notice also serves as final reminder to importers of their responsibility 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 is the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 C.F.R. 353.34(d). Failure to comply is a violation of the APO.

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 C.F.R. 353.22.

Dated: September 25, 1997.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 97–26196 Filed 10–1–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–401–056]

Viscose Rayon Staple Fiber From Sweden; Final Results of Countervailing Duty Administrative Review

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

ACTION: Notice of final results of countervailing duty administrative review.

SUMMARY: On June 6, 1997, the Department of Commerce (''the Department'') published in the **Federal Register** its preliminary results of administrative review of the countervailing duty order on viscose rayon staple fiber from Sweden for the period January 1, 1995 through December 31, 1995 (62 FR 31079). The Department has now completed this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended. For information on the net subsidy for each reviewed company, and for all non-reviewed companies, please see the *Final Results of Review* section of this notice. We will instruct the U.S. Customs Service to assess countervailing duties as detailed in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: October 2, 1997.

FOR FURTHER INFORMATION CONTACT: Stephanie Moore or Russell Morris, Office of CVD/AD Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–2786.

SUPPLEMENTARY INFORMATION:

Background

Pursuant to 19 CFR 355.22(a), this review covers only those producers or exporters of the subject merchandise for which a review was specifically requested. Accordingly, this review covers Svenska Rayon AB (Svenska). This review also covers the period January 1, 1995 through December 31, 1995, and ten programs.