

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.

#### 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 March 1, 1995 through February 29, 1996:

Manufacturer/exporter	Margin (percent)
CBCC .....	2.27
Minasligas .....	7.98

Parties to the proceeding may request disclosure within 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 the 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. The Department will publish a notice of 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 EP and NV may vary from the percentages stated above. Upon completion of this review, the Department will issue appraisal 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. For duty assessment purposes, we calculated an importer-specific assessment rate by aggregating the dumping margins calculated for all U.S. sales to each importer and dividing this amount by the total quantity of subject merchandise sold to each of the respective importers. This specific rate calculated for each importer will be used for the assessment of antidumping duties on the relevant entries of subject merchandise during the POR.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of ferrosilicon from Brazil entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for CBCC and Minasligas will be the rates established in the final results of administrative review, except if the rate is less than 0.5 percent, *ad valorem* and, therefore, *de minimis* within the meaning of 19 CFR 353.6, the cash deposit rate will be zero; (2) 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 rate will continue to be the company-specific rate published in the most recent period; (3) if the exporter is not a firm covered in this review, a previous review, or the LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews, the cash deposit rate will be 35.95 percent, the "All Others" rate made effective by the antidumping duty order (59 FR 11769, March 14, 1994). 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 1, 1997.

**Robert S. LaRussa,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-412-602]

#### Certain Forged Steel Crankshafts From the United Kingdom; Final Results of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Order

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

**ACTION:** Notice of Final Results of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Order.

**SUMMARY:** On December 3, 1996, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on certain forged steel crankshafts from the United Kingdom (61 FR 64055). This review covers shipments of this merchandise to the United States during the period September 1, 1994 through August 31, 1995.

We gave interested parties an opportunity to comment on our preliminary results. Based on our analysis of the comments and rebuttal comments received, we have corrected certain clerical errors in the margin calculations. The final weighted-average dumping margin for the reviewed firm is listed below in the section entitled "Final Results of the Review."

**EFFECTIVE DATE:** April 8, 1997.

**FOR FURTHER INFORMATION CONTACT:** David Dirstine, Lyn Johnson, or Richard Rimlinger, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW,

Washington D.C. 20230; telephone (202) 482-4733.

### Applicable Statute

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

### SUPPLEMENTARY INFORMATION:

#### Background

On December 3, 1996, the Department published the preliminary results of its administrative review of the antidumping duty order on certain forged steel crankshafts from the United Kingdom (61 FR 64055). This review covers shipments of this merchandise to the United States during the period September 1, 1994 through August 31, 1995.

We gave interested parties an opportunity to comment on our preliminary results. At the request of petitioner, the Krupp Gerlach Company (KGC), we held a public hearing on January 21, 1997. The Department has now conducted this administrative review in accordance with section 751 of the Act.

#### Scope of Review

Imports covered by this review are certain forged steel crankshafts. The term "crankshafts," as used in this review, includes forged carbon or alloy steel crankshafts with a shipping weight between 40 and 750 pounds, whether machined or unmachined. These products are currently classifiable under item numbers 8483.10.10.10, 8483.10.10.30, 8483.10.30.10, and 8483.10.30.50 of the Harmonized Tariff Schedule (HTS). Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or more than 750 pounds are subject to this review. The HTS item numbers are provided for convenience and Customs purposes. The written description remains dispositive of the scope of the order.

This review covers one manufacturer/exporter of crankshafts, British Steel Forgings (BSF), and the period September 1, 1994 through August 31, 1995.

### Changes Since the Preliminary Results

Based on our analysis of comments received, we have made some changes in the final results in our calculations for the preliminary results of review, we inadvertently did not take into account credit expense adjustments that respondent reported prior to verification for certain U.S. models when making circumstance-of-sale adjustments. We have included the correct credit costs in our final calculations. We also improperly converted amounts stated in Pounds Sterling to U.S. dollars by multiplying amounts stated in Pounds Sterling by the applicable-exchange-rate-conversion factors when, in fact, the Pounds Sterling amounts should have been divided by those conversion factors. We have converted currencies correctly in our final calculations. We incorrectly made deductions from, rather than additions to, home market (HM) sales for certain supplemental charges. We made the appropriate corrections for these final results. Finally, we inadvertently omitted supplemental charges related to U.S. sales which resulted in understated U.S. prices. We added these supplemental charges to the relevant U.S. sales for these final results.

### Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. On January 2, and January 9, 1997, we received case and rebuttal briefs from KGC and BSF.

*Comment 1:* KGC argues that the Department incorrectly calculated constructed value (CV) because it computed a simple-average profit figure using only the profit margins of the BSF crankshaft forging and machining facilities and did not include the profit realized by British Steels Engineering Steels (BSES), the division that supplies the steel for producing crankshafts. KGC argues that, because the Department considers BSF and BSES to be divisions of the same corporation for purposes of determining raw material costs, they also must be treated as a single corporate entity for purposes of determining the profits generated by their combined activities.

KGC further argues that the Department incorrectly included in its calculations the loss realized by one of the four crankshaft forging and machining facilities. KGC argues that, as stated in § 773(e)(2)(A) of the Act, as amended by the URAA, CV must be based on profits (i.e., not losses) realized in the ordinary course of trade. Therefore, KGC contends, the Department should not have allowed

this loss to reduce average profit used for CV.

In rebuttal, BSF states that the Department correctly calculated the profit percentage used in the calculation of CV. BSF contends that it properly determined profit by referring to the management reports that it uses to prepare the consolidated financial statements at the level of reporting which most specifically relates to the sale of crankshafts in the United Kingdom, i.e., the facilities which produce and sell crankshafts for consumption in the United Kingdom and reflected in the financial records of those facilities. BSF argues that, when BSES ships steel to BSF (another division of the same company) for processing into crankshafts, there is no sale involved; rather, BSF asserts, it is making an interdivisional transfer of raw materials within the same company. BSF further argues that BSES's profit on sales of a full range of products including downstream steel products to customers outside of the company has nothing to do with BSF's profit on sales on crankshafts. BSF contends that, contrary to KGC's interpretation, nowhere in the URAA or the Statement of Administrative Action (SAA) is it ever suggested that, in computing the level of profit, the Department should ignore facilities at which expenses exceeded revenue.

*Department's Position:* As in the previous review, we continue to consider BSF and BSES to be divisions of the same corporate entity. See *Certain Forged Steel Crankshafts from the United Kingdom*, 61 FR 54613 (October 21, 1996) (*Crankshafts V*). However, this does not necessarily mean that the combined profits and losses of these two sister divisions of the same corporate entity should be used as the profit reflective of crankshaft sales. First, we do not consider the transfer of the raw material, i.e., steel from one division to another division within the same company, to be a transaction in this case, so there is no profit present in that transaction. Second, there is no connection between crankshafts and the profit that BSES realizes on its wide line of steel products, many of which have no relationship whatsoever with crankshafts.

We note that for the preliminary results we used the combined profit of BSF's four crankshaft-forging and machining facilities but incorrectly stated to interested parties that we had used a simple average profit figure for these facilities. For these final results we have used a profit figure based on the combination of the weighted-average profit rates for each of the four

crankshaft-forging and machining facilities. This rate is appropriate because, as a combined rate, it is directly related to the production and sale of the subject merchandise.

With respect to petitioner's argument that for the profit calculation we must exclude losses by one of BSF's facilities, we disagree. Contrary to our statement in the preliminary results of this review, we did not base profit for CV on the methodology set forth in § 773(e)(2)(A) of the statute. Rather, the Department was unable to calculate the actual amounts of profit realized in connection with the production and sale of the foreign like product because the information to calculate a profit on that basis was not available. Accordingly, as facts available, we used the actual amounts of profit realized by BSF in connection with the production and sale of merchandise that is in the same general category of products as the subject merchandise, the alternative methodology set forth in § 773(e)(2)(B)(i) of the statute. This alternative method does not require that all sales used to determine the profit amount be within the ordinary course of trade. Therefore, we calculated the weighted-average profit based upon the profit experience of each of BSF's manufacturing plants that produce crankshafts (*i.e.*, the same general category of products as the subject merchandise).

Moreover, the profit and loss experience of the four plants is relevant to the overall profit determination for the foreign like product because those facilities each produce subject merchandise (or foreign like product).

*Comment 2:* KGC argues that, unless the Department uses the profit of both BSES and BSF in its computation of profit for CV, it must use transfer prices between BSES and BSF rather than cost of production (COP) as the measure of BSF's raw material cost of steel. In rebuttal, BSF contends that KGC essentially repeats its arguments that it made during the fifth administrative review and which the Department rejected.

*Department's Position:* We have addressed the issue of profit in response to the previous comment. Regarding the cost of steel, because BSF and BSES are divisions of the same corporation, BSF's steel cost for producing crankshafts is the COP of the steel manufactured by BSES. Therefore, we used the COP data provided by BSF, which we verified, in calculating CV. *See Crankshafts V* at 54614.

*Comment 3:* KGC argues that the Department incorrectly calculated normal value (NV) for a HM crankshaft model which was used for price-to-price

comparisons to two crankshaft models sold in the United States and provides calculations it conducted. KGC contends that the Department's calculations understate the true NV of the HM model by more than ten percent.

BSF notes that certain supplemental charges were incorrectly subtracted from, rather than added to, HM models.

*Department's Position:* We agree with petitioner in part. We inadvertently deducted two supplemental charges applicable to HM sales from, rather than added to, HM price for the preliminary results. We have corrected this error for these final results. In addition, as a result of verification, we recalculated the first supplemental charge and used the recalculated value in the preliminary results. However, in its calculations for its case brief, KGC used the pre-verification value for the first supplemental charge rather than the recalculated amount. Moreover, KGC applied the highest reported expenses for shipments of the comparator model in its calculations as opposed to a weighted-average expense amount which we used in our preliminary calculations. Therefore, KGC's calculation of NV does not reflect the information on the record and our practice.

*Comment 4:* KGC argues that the Department should apply as "best information available" (*i.e.*, facts available) a 9.77 percent margin to partially machined crankshafts which is the BIA rate that the Department applied to this merchandise in the third administrative review because the record of this review does not provide an adequate basis to assess the accuracy of the information BSF has provided with regard to its partially machined crankshafts.

Specifically, KGC argues that the record in this review does not provide adequate information to ensure that the Department calculated NV for BSF's partially machined crankshafts properly. KGC first claims that BSF failed to describe in its response the rudimentary machining processes that it applied to its partially machined crankshafts and the costs associated with each such process. Second, KGC claims that there is no explanation on the record as to why the total costs BSF reported in its supplemental questionnaire response for these partially machined crankshafts do not tie to the sum of the forging costs and machining costs reported by BSF in its initial questionnaire response. Third, KGC notes that the Department did not address partially machined crankshafts in its verification report.

In response, BSF states that petitioner never argues that the information on the record is incorrect but only that information which was not supplied was never verified. BSF argues that the total costs for the partially machined crankshafts which it submitted in its supplemental response are correct. BSF further contends that it described in detail the rudimentary machining processes involved in the production of its partially machined crankshafts in its initial questionnaire response and in its supplemental questionnaire response. BSF suggests that KGC's confusion and inability to tie total costs submitted for partially machined crankshafts to the sum of the forging and machining costs separately submitted by BSF is the result of KGC erroneously considering COP and transfer-price data of steel that BSF uses to make crankshafts as submitted in a table in BSF's initial questionnaire response to be costs of forging. BSF notes that the Department never requested that it report separately the costs of forging for partially machined crankshafts and, therefore, it never submitted such data. However, BSF contends that the total costs of the partially machined crankshafts which it did submit are nonetheless accurate and could still be verified by the Department if necessary. The Department, according to BSF, should reject KGC's claim that BIA should be applied to partially-machined crankshafts.

*Department's Position:* We are satisfied with BSF's comprehensive description of the process of manufacturing partially machined crankshafts. Our analysis of the record evidence and our findings at verification give us no reason to believe that the total cost data submitted for partially machined crankshafts was inaccurate. The Department's regulations provide for significant flexibility in conducting verifications by permitting the verification of a sample of data that the Department considers relevant to factual information submitted. Recognizing that it is administratively impossible for us to verify every topic, we purposefully selected those items to examine in detail that we considered to reflect the universe of subject merchandise in this proceeding, *i.e.*, a complete examination of the costs of the one HM model alleged to have been sold below cost, a complete examination of the CV methodology and calculation for a selected model sold in the United States, and a complete examination of the machining costs for a machined crankshaft. Other than the corrections and recalculations as noted in our verification report and analysis

memorandum, we found the data submitted by BSF to be accurate and we have no reason to disregard the other portions of its response (e.g., BSF's data regarding partially machined crankshafts).

*Comment 5:* Based on a press release and newspaper article announcing that BSF's parent sold the respondent's forging facilities to a new company, KGC argues that, given the uncertainty about the future ownership and potential business plans of BSF, the Department cannot reasonably reach the conclusion, required under 19 CFR § 353.25(a)(1)(ii), that BSF or its successor is not likely to export crankshafts to the United States in the future at less than NV. KGC urges the Department to continue the existing order until the Department can reasonably determine that BSF's future U.S. pricing practices will not result in less-than-NV sales.

In rebuttal, BSF argues that KGC provides no legal basis to support its contention that the Department should not revoke the existing order as it cannot reasonably determine that BSF is unlikely to make sales at less than NV. BSF further argues that the lack of precedent to support KGC's argument is not surprising; BSF has not discovered any instance in which the Department has decided not to revoke an order because of a change in ownership. Citing *Toshiba Corp. v. United States*, 15 CIT 597, 600 (1991) (*Toshiba*), BSF argues that the Department's policy in a revocation proceeding is to examine only the information integral to its antidumping investigation and not to gather all economic or financial information about a company regardless of its relevance or credibility. BSF further argues that, in light of *Toshiba*, KGC's assertion that the proposed sale of BSF in some way affects the Department's revocation determination is incorrect. BSF concludes that its record of three years without dumping margins provides abundant evidence that sales of crankshafts by BSF compete fairly in the United States. BSF urges the Department to continue its practice of revoking orders after three years of *de minimis* margins.

*Department's Position:* Pursuant to the Department's revocation requirements under 19 CFR § 353.25(a), respondent in this case filed a timely request for revocation under § 353.25(b), certified that sales in the current review period were made at not less than normal value under § 353.25(b)(1), and has established the requisite three consecutive years of *de minimis* margins

under § 353.25(a)(2)(i). With respect to the issue of likelihood of resumption of dumping under § 353.25(a)(2)(ii), no evidence was submitted on the record of this case in support of the contention that BSF is likely to resume dumping after revocation of the order. Petitioner has instead argued that the most recent change in the company's ownership by itself provides a basis for the Department to deny revocation in this case because "the Department cannot reasonably reach the conclusion, required under 19 CFR § 353.25(a)(1)(ii), that BSF or its successor is unlikely to export crankshafts to the United States in the future at less than NV." KGC January 2, 1997 submission at 22.

We disagree. Petitioner has failed to establish any relationship between the reported change in ownership and the likelihood of resumption of dumping by BSF. Petitioner's argument amounts to mere speculation, particularly where, as here, the company under review has changed ownership in the past without a corresponding effect on the company's pricing behavior sufficient to generate a margin of dumping greater than *de minimis*. Indeed, the company's previous change of ownership combined with its continued pricing practices indicates that, for this product, changes in corporate ownership are not likely to affect pricing of subject merchandise sufficient to warrant denial of revocation. Contrary to petitioner's contention, the continuation of *de minimis* margins following the previous change in ownership tends to support revocation in this case because it indicates that such a change by itself does not have a meaningful effect on pricing in the crankshaft market.

In sum, there is no evidence on the record to substantiate petitioner's concern that BSF is likely to resume sales at dumped prices. Because BSF has made sales at not less than NV for three consecutive reviews and because there is no evidence on the record to indicate the likelihood of resumption of sales at dumped prices, we are revoking the antidumping duty order with respect to BSF. See *Final Results of Antidumping Duty Administrative Review and Revocation In Part; Pressure Sensitive Plastic Tape From Italy*, (55 FR 6031, 6032; February 21, 1990). Further, since BSF is the only company covered by the antidumping duty order on crankshafts from the United Kingdom, this action constitutes a revocation of the order.

## Final Results of Review

As a result of our review, we determine that the following weighted-average margin exists for the period September 1, 1994 through August 31, 1995.

Manufacturer/Exporter	Margin percent
BSF .....	0.31

As stated in our response to comment number 5 above, we have determined that BSF has met the requirements for revocation set forth in 19 CFR § 353.25(a) of our regulations. We are therefore revoking the order with respect to crankshafts from the United Kingdom, based on our determination that BSF is the only known producer of crankshafts.

This revocation applies to all entries of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after August 31, 1995. The Department will order the suspension of liquidation ended for all such entries and will instruct the Customs Service to release any cash deposit or bonds. The Department will further instruct Customs to refund with interest any cash deposits on entries made on or after August 31, 1995. In addition, the Department will terminate the review covering shipments of subject merchandise from the United Kingdom during the period September 1, 1995 through August 31, 1996, which was initiated on October 17, 1996 (61 FR 54154).

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

This 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 2, 1997.

**Robert S. LaRussa,**

*Acting Assistant Secretary for Import Administration.*

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