

subsequent assessment of double antidumping duties.

This administrative review and notice are issued in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-815]

#### **Sulfanilic Acid From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review**

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

**ACTION:** Notice of preliminary results of antidumping duty administrative review.

**SUMMARY:** The Department of Commerce ("the Department") is conducting an administrative review of the antidumping duty order on sulfanilic acid from the People's Republic of China. The review covers exports of this merchandise to the United States for the period August 1, 1997, through July 31, 1998, and thirteen firms: China National Chemical Import and Export Corporation, Hebei Branch (Sinochem Hebei); China National Chemical Construction Corporation, Beijing Branch; China National Chemical Construction Corporation, Qingdao Branch; Sinochem Qingdao; Sinochem Shandong; Baoding No. 3 Chemical Factory; Jinxing Chemical Factory; Zhenxing Chemical Factory; Mancheng Zinyu Chemical Factory, Shijiazhuang; Mancheng Xinyu Chemical Factory, Beijing; Hainan Garden Trading Company; Yude Chemical Company; and Shunping Lile. The preliminary results of this review indicate that there were dumping margins for the two responding parties: Yude Chemical Company/Xinyu Chemical Factory ("Yude/Xinyu") and Zhenxing Chemical Factory/Mancheng Zhenxing Chemical Factory ("Zhenxing/Mancheng") as well as for the "PRC enterprise." The rates assigned to each company are listed below in the "Preliminary Results of the Review" section of this notice.

**EFFECTIVE DATE:** September 8, 1999.

**FOR FURTHER INFORMATION CONTACT:** Nithya Nagarajan, Linda Smirardo

Checchia or Sean Carey, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 20230 at (202) 482-4243, (202) 482-6412, or (202) 482-3964, respectively.

#### **SUPPLEMENTARY INFORMATION:**

#### **Applicable Statute and Regulations**

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (1998).

#### **Background**

On August 11, 1998, the Department published in the **Federal Register** (63 FR 42821) a notice of "Opportunity to Request Administrative Review" for the August 1, 1997, through July 31, 1998, period of review (POR) of the antidumping duty order on Sulfanilic Acid from the People's Republic of China, 57 FR 37524 (August 19, 1992). In accordance with 19 CFR 351.213, Zhenxing, Yude, PHT International, Inc. ("PHT"), and the petitioners, Nation Ford Chemical Company, requested a review for the aforementioned period. On September 29, 1998, we published a notice of "Initiation of Antidumping Review." See 63 FR 51893. The Department is now conducting this administrative review pursuant to section 751(a) of the Act. On October 29, 1998, Zhenxing and Yude, two companies which are described as joint ventures between Chinese companies—namely, Mancheng and Xinyu, respectively—and a U.S.-based company named PHT, reported that they each had made sales of subject merchandise to the United States during the POR in their responses to Section A (Organization, Accounting Practices, Markets and Merchandise) of the Department's questionnaire. Zhenxing and Yude submitted responses to Sections C and D (Sales to the United States and Factors of Production, respectively) on November 25, 1998. Responses to two supplemental questionnaires by Zhenxing and Yude were received on January 25, 1999, and July 23, 1999.

#### **Scope of Review**

Imports covered by this review are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid,

refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid.

Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives. The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry, free flowing powders.

Technical sulfanilic acid, classifiable under the subheading 2921.42.24 of the Harmonized Tariff Schedule (HTS), contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid, also classifiable under the subheading 2921.42.24 of the HTS, contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline and 0.25 percent maximum alkali insoluble materials.

Sodium salt (sodium sulfanilate), classifiable under the HTS subheading 2921.42.79, is a powder, granular or crystalline material which contains 75 percent minimum equivalent sulfanilic acid, 0.5 percent maximum aniline based on the equivalent sulfanilic acid content, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.

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

#### **Period of Review**

The review period is August 1, 1997 through July 31, 1998.

#### **Verification**

Due to administrative constraints, verification prior to the issuance of this notice of preliminary results was not conducted. Section 351.307 of the Department's regulations stipulate that the Department must verify prior to issuing final results in an administrative review if (1) a domestic interested party, not later than 100 days after the date of publication of the notice of initiation of review, submits a written request for verification; and (2) no verification during either of the two immediately preceding administrative reviews was conducted. In this review, no such written request from a domestic interested party was received and verification was conducted during the immediately preceding 1996-1997 administrative review. However, for reasons stated below, the Department intends to conduct verification prior to

the issuance of the final results in this administrative review.

### Determination of Producers

Based on the respondents' supplemental questionnaire responses of July 23, 1999, the Department preliminarily determines that the Yude and Xinyu firms constitute a single entity, and that the Zhenxing and Mancheng firms constitute a single entity. Record evidence shows that each producer pair did not maintain separate facilities for manufacturing subject merchandise, that each producer pair shares common majority ownership and that each producer pair shares common officers. See Collapsing Decision Memorandum for Joseph A. Spetrini, Deputy Assistant Secretary for AD/CVD Enforcement Group III from Barbara Tillman, Director, Office of AD/CVD Enforcement VII, dated August 31, 1999. A public version of this memorandum is on file in the Central Records Unit (room B-099 of the Main Commerce Building) (CRU).

### Collapsing

We have determined, after examining the relevant criteria, that Yude/Xinyu and Zhenxing/Mancheng are affiliated parties within the meaning of section 771(33)(F). We have further determined that PHT (the U.S. reseller of sulfanilic acid) is also affiliated with these producers/exporters and that these companies should be treated as a single entity (i.e., "collapsed") for purposes of calculating and assigning an antidumping margin in this review. Section 351.401(f) of the Department's antidumping regulations provides that the Department "will treat two or more affiliated producers as a single entity where those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and the Secretary concludes that there is a significant potential for the manipulation of price or production." See 19 CFR 351.401(f). In identifying the potential for manipulation of price or production, section 351.401(f)(2) provides, *inter alia*, that the Department may consider the following factors: level of common ownership; the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and whether operations are intertwined, such as through the sharing of facilities or employees, or significant transactions between the affiliated parties. A full discussion of our conclusions, requiring reference to proprietary information, is

contained in the Department's memorandum in the official file for this case (a public version of this memorandum is on file in the CRU). Generally, however, we have found that: Yude/Xinyu and Zhenxing/Mancheng are affiliated parties; Yude/Xinyu and PHT are affiliated parties; Zhenxing/Mancheng and PHT are affiliated parties; substantial retooling would not be necessary to restructure manufacturing priorities; and, there is significant potential for manipulating price and production between the producers and the exporter. As a result we are collapsing Yude/Xinyu; Zhenxing/Mancheng; and PHT for purposes of conducting the 1997/1998 administrative review.

### Separate Rates

It is the Department's standard policy to assign all exporters of the merchandise subject to review in non-market economy countries a single rate, unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to exports. See *Mitsubishi Heavy Industries, Ltd., v. U.S.*, \_\_\_ CIT \_\_\_, Slip Op. 99-46 (May 26, 1999). To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in a non-market economy ("NME") country under the test established in the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*), as amplified by the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). Evidence supporting, though not requiring, a finding of *de jure* absence of government control includes: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; or (3) any other formal measures by the government decentralizing control of companies. *De facto* absence of government control with respect to exports is based on four criteria: (1) Whether the export prices are set by or subject to the approval of a government authority; (2) whether each exporter retains the proceeds from its sales and makes independent decisions regarding the disposition of profits and financing of losses; (3) whether each exporter has autonomy in making decisions regarding the selection of management; and (4)

whether each exporter has the authority to sign contracts and other agreements.

The Department did not require the respondents to answer certain questions concerning separate rates. This is due to the fact that specific issues pertaining to Xinyu and Mancheng did not surface until the review of the Yude and Zhenxing supplemental questionnaire responses of July 23, 1999. Accordingly, the record evidence on which to conduct a separate rates analysis for purposes of these preliminary results may be incomplete. We have found that the evidence on the record affirmatively demonstrates an absence of direct government control, both in law and in fact, with respect to Yude's and Zhenxing's exports according to the criteria identified in *Sparklers* and *Silicon Carbide* for this period of review, and have assigned to these companies a rate separate from the China-wide rate ("PRC rate"). Even though Yude failed to affirmatively demonstrate, in fact, that it exercised independent decision-making authority regarding disposition of profits and financing of losses during the POR, the overall balance of evidence affirmatively demonstrates an absence of government control. Together with Zhenxing, it will be granted a rate separate from all the others, "PRC rate."

As discussed above, because issues pertaining to Xinyu and Mancheng did not arise until late in the review process, we intend to examine further the issue of separate rates. We will request additional information prior to verification. Accordingly, even though for these preliminary results we are assigning a separate rate to Mancheng/Zhenxing and Xinyu/Yude, this preliminary separate rates determination is subject to the receipt and verification of further information. Before the issuance of the final results in this administrative review, we will be re-assessing whether separate rates are justified.

For further discussion of the Department's preliminary determination regarding the issuance of separate rates, see Separate Rates Decision Memorandum for Barbara Tillman, Director, Office of AD/CVD Enforcement VII, dated August 31, 1999. A public version memorandum is on file in the Central Records Unit (room B-099 of the Main Commerce Building) (CRU); see also "Collapsing" section of this notice.

### Use of Facts Otherwise Available

All firms that have not affirmatively demonstrated that they qualify for a separate rate are presumed to be part of a single enterprise under the common control of the government (the "PRC

enterprise"). See *Sigma Corp. v. U.S.*, 117 F.3d 1401 (Fed. Cir. 1997). Therefore, all such entities receive a single margin, the "PRC rate." We preliminarily determine, in accordance with section 776(a) of the Act, that resorting to the facts otherwise available is appropriate in arriving at the PRC rate because companies, presumed to be part of the PRC enterprise, did not respond to the Department's antidumping questionnaire.

Where the Department must resort to the facts otherwise available because a respondent fails to cooperate by not acting to the best of its ability to comply with a request for information, section 776(b) of the Act authorizes the Department to use an inference adverse to the interests of that respondent in choosing from the facts available. Section 776(b) also authorizes the Department to use, as adverse facts available, information derived from the petition, the final determination, a previous administrative review, or other information placed on the record. The Statement of Administrative Action ("SAA") accompanying the URAA clarifies that information from the petition and prior segments of the proceeding is "secondary information." See H.Doc. 3216, 103rd Cong. 2d Sess. 870 (1996). If the Department relies on secondary information as facts available, section 776(c) provides that the Department shall, to the extent practicable, corroborate such information using independent sources reasonably at its disposal. The SAA further provides that "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value. See *id.* The SAA also states that independent sources used for corroboration may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. See *id.* However, where corroboration is not practicable, that fact will not prevent the Department from applying an adverse inference and using the secondary information in question. See 19 CFR 351.308(d).

The Department issued its standard non-market economy (NME) questionnaires to thirteen firms on September 29, 1998. These thirteen firms are: Sinochem Hebei; China National Chemical Construction Corporation, Beijing Branch; China National Chemical Construction Corporation, Qingdao Branch; Sinochem Qingdao; Sinochem Shandong; Baoding No. 3 Chemical Factory; Jinxing Chemical Factory; Zhenxing Chemical

Industry Company; Mancheng Zinyu Chemical Factory, Shijiazhuang; Mancheng Zinyu Chemical Factory, Beijing; Hainan Garden Trading Company; Yude Chemical Industry Company; and Shunping Lile. The Department received responses from only two companies: Yude and Zhenxing. Yude and Zhenxing responded to Section A (Organization, Accounting Practices, Markets and Merchandise) of the Department's questionnaire on October 29, 1998. Yude and Zhenxing submitted responses to Sections C and D (Sales to the United States and Factors of Production, respectively) of the Department's questionnaire on November 25, 1998. Responses to two supplemental questionnaires by Yude and Zhenxing were received on January 25, 1999, and July 23, 1999. The Department did not receive any responses from any other firms. Such non-response supports the Department's preliminary determination to apply adverse facts available.

As noted above, some of the companies which were issued questionnaires in this review did not respond. Therefore, we find that the PRC-wide entity failed to cooperate by not acting to the best of its ability to comply with the Department's requests for information. Consequently, we have preliminarily decided to use adverse facts available with respect to the PRC-wide entity in accordance with section 776(b) of the Act.

When making adverse inferences, the Statement of Administrative Action (SAA) authorizes the Department to consider the extent to which a party may benefit from its own lack of cooperation (SAA at 870). Because the "all others" PRC rate that was applicable during the POR and that is applicable to current imports is 85.2 percent, the Department believes that assigning a 85.2 percent rate will prevent non-responding firms from benefitting from their failure to respond to the Department's requests for information. Anything less than the current cash deposit rate would effectively reward non-responding firms for not cooperating to the best of their ability.

The 85.2 percent rate is based on the less than fair value (LTFV) final determination, which in turn was based on information in the petition. Section 776(b) of the Act authorizes the Department to use as adverse facts available information derived from, among other places, the petition or the final determination from the LTFV investigation. This type of information

is considered secondary information. See SAA at 870; 19 CFR 351.308(c)(1).

In accordance with the law, the Department, to the extent practicable, will examine the reliability and relevance of the information used. However, in an administrative review the Department will not engage in updating the petition to reflect the prices and costs that are found during the current review. Rather, corroboration consists of determining that the significant elements used to derive a margin in a petition are reliable for the conditions upon which the petition is based. With respect to the relevance aspect of corroboration, the Department will consider the information reasonably at its disposal as to whether there are circumstances that would render a margin not relevant.

To corroborate the LTFV rate of 85.2 percent, we examined the basis of the rates contained in the petition of October 8, 1991. The U.S. price in the petition was based on actual prices from customer purchase orders, invoices and price quotations for refined sulfanilic acid from the PRC. This U.S. price covers delivery to the customer's point of usage. We were able to corroborate the average unit values listed in the petition by comparing those values to publicly available information compiled by the U.S. Census Bureau and made available by the International Trade Commission (ITC). The ITC reports quantity and value by HTS numbers. Using the same HTS numbers as listed in the petition (HTS 2921.42.24, 2921.42.79, and 2921.42.79), we divided the total quantity by the total value for the period referenced in the petition and noted the average unit values were very similar to those reported in the original petition.

The petition also states that due to the non-market economy status of the PRC, the foreign market value was calculated using a factors of production methodology. Based on the production experience of the petitioners, the petition identified actual factors of production for subject merchandise. Such factors include: labor, raw material, energy, overhead, and general selling and administrative expenses. To value these factors of production, the petition used published costs in India for the above-mentioned factors as surrogate values for those in the PRC. See Antidumping Petition on Sulfanilic Acid from the People's Republic of China dated October 2, 1991, and found in CRU. Because petitioners used published, publicly available data for valuing the major inputs, we consider this data to be probative and relevant.

The SAA at 870 specifically states that where "corroboration may not be practicable in a given circumstance," the Department may nevertheless apply an adverse inference. The SAA at 869 emphasizes that the Department need not prove that the facts available are the best alternative information. Therefore, based on our efforts, described above, to corroborate information contained in the petition, and mindful of the legislative history discussing facts available and corroboration, we consider the petition margin we are assigning to non-responding firms in this review as adverse facts available to be corroborated to the extent practicable.

Finally, we note that where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin. See *Fresh Cut Flowers from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 60 FR 49567 (September 26, 1995). We have determined that there is no evidence on the record that would indicate that the margin from the petition is not appropriate. Nothing on the record of this administrative review supports a determination that the highest margin rate from the petition in the underlying investigation does not represent reliable and relevant information for purposes of adverse facts available. This rate has been used as the PRC-wide, all others rate since the Department's *Final Determination of Sales at Less Than Fair Value: Sulfanilic Acid from the People's Republic of China*, 57 FR 29705 (July 6, 1992).

#### United States Price

Respondents reported U.S. sales as constructed export price ("CEP") sales made by PHT on behalf of Yude/Xinyu and Zhenxing/Mancheng. We calculated CEP based on FOB prices to unaffiliated purchasers in the United States. We made deductions for foreign inland freight, foreign brokerage and handling, ocean freight, marine insurance, U.S. customs duties, U.S. transportation, credit, warehousing, repacking in the United States, indirect selling expenses, including inventory carrying costs, and constructed export price profit, as appropriate, in accordance with sections 772(c) and (d) of the Act.

#### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value ("NV") using a factors of production methodology if (1) the merchandise is exported from a non-

market economy (NME) country, and (2) the available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

In every case conducted by the Department involving the PRC, the PRC has been treated as an NME country. Pursuant to section 771(18)(C)(i), any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment in this review. Accordingly, we treated the PRC as an NME country for purposes of this review and calculated NV by valuing the factors of production as set forth in section 773(c)(3) of the Act in a comparable market economy country which is a significant producer of comparable merchandise. Pursuant to section 773(c)(4) of the Act, we determined that India is comparable to the PRC in terms of per capita gross national product ("GNP"), the growth rate in per capita GNP, and the national distribution of labor; and that India is a significant producer of comparable merchandise. For further discussion of the Department's selection of India as the primary surrogate country, see Memorandum from Jeffrey May, Director, Office of Policy, to Barbara Tillman, Director, Office of AD/CVD Enforcement VII, dated June 30, 1999, entitled "Sulfanilic Acid from the People's Republic of China ("PRC"): Nonmarket Economy Status and Surrogate Country Selection"; "Selection of Significant Producer Memo" dated August 31, 1999; "Surrogate Values Memorandum" dated August 31, 1999; and Preliminary Analysis Memorandum dated August 31, 1999, which are on file in the CRU.

For purposes of calculating NV, we valued PRC factors of production in accordance with section 773(c)(1) of the Act. In examining surrogate values, we selected, where possible, the publicly available value which was: (1) An average non-export value; (2) representative of a range of prices within the POR or most contemporaneous with the POR; (3) product-specific; and (4) tax-exclusive. For those surrogate values not contemporaneous with the POR, we adjusted for inflation using the wholesale price indices published in the IMF's International Financial Statistics. When necessary, we adjusted the values for certain inputs reported in *Chemical Weekly* to exclude sales and excise taxes. In accordance with our practice, we added to CIF import values from

India a surrogate inland freight cost using a simple average of the reported distances from either the closest PRC port to the factory, or from the domestic supplier to the factory. See *Final Determination of Sales at Less than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China*, 62 FR 61977 (Nov. 20, 1997). In accordance with this methodology, we valued the factors of production as follows:

To value aniline used in the production of sulfanilic acid, we used the rupee per kilogram value of imports into India during April 1997–March 1998, obtained from the March 1998, *Monthly Statistics of the Foreign Trade of India*, Volume II—Imports (*Indian Import Statistics*). Using the Indian rupee wholesale price indices ("WPI") obtained from the International Financial Statistics, published by the International Monetary Fund (IMF), we adjusted this value for inflation in India during the POR. We made adjustments to include costs incurred for freight between the Chinese aniline suppliers and Zhenxing/Mancheng's and Yude/Xinyu's factories using the average of (1) the distance from the factory to the supplier or (2) the distance from the factory to the port. The surrogate freight rates were based on truck freight rates from *The Times of India*, April 20, 1994, consistent with the Department's practice. See *Certain Helical Spring Lock Washers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 64 FR 13401 (Mar. 18, 1999) (*Lock Washers*). Rail freight rates were from the December 22, 1989, embassy cable for the *Final Results of Antidumping Duty Administrative Review: Shop Towels of Cotton from the People's Republic of China*, 56 FR 4040 (Feb. 1, 1991). These rates were adjusted for inflation to be concurrent with the period of review and have been placed on the record of this review.

To value sulfuric acid used in the production of sulfanilic acid, we used the rupee per kilogram value for sales in India during December 1996–July 1997 as reported in *Chemical Weekly*. We have adjusted this value for inflation in India during the POR, and have excluded the Central Excise Tariff of India and the Bombay Sales Tax. We made additional adjustments to include costs incurred for freight between the Chinese sulfuric acid supplier and Zhenxing/Mancheng's and Yude/Xinyu's factories in the PRC.

To value sodium bicarbonate used in the production of sodium sulfanilate, we used the rupee per kilogram value for sales in India during December

1996–July 1997 as reported in *Chemical Weekly*. We have adjusted this value for inflation in India during the POR, and have excluded the Central Excise Tariff of India and the Bombay Sales Tax. We made additional adjustments to include costs incurred for freight between the Chinese sodium bicarbonate supplier and Zhenxing/Mancheng factory in the PRC.

Consistent with our final determination in the 1996–1997 administrative review, we have used the public price quotes, in this case those submitted by the respondents on July 14, 1999, which are specific to the type and grade of activated carbon used in the production of sulfanilic acid, as reported in the Chinese sulfanilic acid producers' factors of production. We made adjustments to account for inflation in India during the POR, and to include costs incurred for inland freight between the Chinese activated carbon supplier and Zhenxing/Mancheng's and Yude/Xinyu's factories in the PRC.

The Department's regulations, at 19 CFR 351.408(c)(3), state that "[f]or labor, the Secretary will use regression-based wage rates reflective of the observed relationship between wages and national income in market economy countries. The Secretary will calculate the wage rate to be applied in nonmarket economy proceedings each year. The calculation will be based on current data, and will be made available to the public." To value the factor inputs for labor, we used the wage rates calculated for the PRC in the Department's "Expected Wages of Selected Non-Market Economy Countries—1997 Income Data" as updated in May 1999, and published by the Department in the world-wide web site for Import Administration.

Following our practice from prior administrative reviews of sulfanilic acid from the PRC, for factory overhead, we used information reported in the January 1997 *Reserve Bank of India Bulletin* ("Bulletin"). From this information, we were able to determine factory overhead as a percentage of total cost of manufacturing.

Similarly, for selling, general and administrative (SG&A) expenses, we used information obtained from the January 1997 *Bulletin*. We calculated an SG&A rate by dividing SG&A expenses as reported in the *Bulletin* by the cost of manufacturing.

Finally, to calculate a profit rate, we used information obtained from the January 1997 *Bulletin*. We calculated a profit rate by dividing the before-tax profit by the sum of those components

pertaining to the cost of manufacturing plus SG&A as reported in the *Bulletin*.

To value the inner and outer bags used as packing materials, we used import information from *Indian Import Statistics* for the period April 1997–March 1998. Using the Indian rupee WPI data obtained from *International Financial Statistics*, we adjusted these values to account for inflation in India during the POR. We adjusted these values to include freight costs incurred between the Chinese plastic bag suppliers and Zhenxing/Mancheng's and Yude/Xinyu's factories in the PRC.

To value coal, we used the price of steam coal in 1996 for industries in India as reported in *Energy, Prices and Taxes, First Quarter 1999* published by the International Energy Agency. This price was adjusted for inflation to be concurrent with the POR and has been placed on the record of this review.

To value electricity, we used the price of industrial electricity in India in 1997 reported in *Energy, Prices, and Taxes, First Quarter 1999* published by the International Energy Agency. This price was adjusted for inflation to be concurrent with the POR and has been placed on the record of this review.

To value truck freight for input materials, we used the rate reported in *The Times of India*, April 20, 1994. We adjusted the truck freight rates for inflation during the POR using Indian rupee WPI data published by the IMF. See *Lock Washers*.

To value rail freight for input materials, we used the price reported in a December 1989 cable from the U.S. Embassy in India submitted for the *Final Results of Antidumping Duty Administrative Review: Shop Towels of Cotton from the People's Republic of China*, 56 FR 4040 (Feb. 1, 1991) and added to the record of this review. We adjusted the rail freight rates for inflation during the POR using Indian rupee WPI data published by the IMF.

To value brokerage and handling, we used the brokerage and handling rate used in the *Determination of Sales at Less Than Fair Value: Stainless Steel Bar from India*, 59 FR 66915 (1994). See April 1997 Memorandum to All Reviewers from Richard W. Moreland, Acting Deputy Assistant Secretary "Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the People's Republic of China," found on Import Administration's web site. We adjusted the value for brokerage and handling for inflation during the POR using Indian rupee WPI data published by the IMF.

To value marine insurance, we used information from a publicly summarized version of a questionnaire

response in *Investigation of Sales at Less than Fair Value: Sulphur Vat Dyes from India* (62 FR 42758). See "Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the People's Republic of China," found on Import Administration's web site. We adjusted the value for marine insurance for inflation during the POR using Indian rupee WPI data published by the IMF.

To value ocean freight, we used a value for ocean freight provided by the Federal Maritime Commission used in the *Final Determination of the Antidumping Administrative Review of Sebacic Acid from the PRC*, 62 FR 65674 (1997). We adjusted the value for ocean freight for inflation during the POR using Indian rupee WPI data published by the IMF.

#### Preliminary Results of the Review

We preliminarily determine the weighted average dumping margin for Yude/Xinyu and Zhenxing/Mancheng for the period August 1, 1997 through July 31, 1998 to be 1.62 percent. The rate for all other firms which have not demonstrated that they are entitled to separate rates is 85.20 percent. This rate will be applied to all firms other than Yude/Xinyu and Zhenxing/Mancheng.

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five (5) days after the date of publication of this notice. Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Case briefs are currently scheduled for submission within 30 days after the date of publication of this notice, and rebuttal briefs, limited to arguments raised in case briefs, must be submitted no later than five (5) days after the time limit for filing case briefs. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue, and (2) a brief summary of the argument. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the deadline for submission of rebuttal briefs. The Department will issue the final results of this administrative review, including its analysis of issues raised in any case or rebuttal brief or at

a hearing, not later than 120 days after the date of publication of this notice.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Upon completion of this review, the Department will issue appraisal instructions directly to the Customs Service.

Furthermore, the following deposit rates will be effective with respect to all shipments of sulfanilic acid from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this review, as provided for by section 751(a)(2)(c) of the Act: (1) The cash deposit rate for reviewed companies listed above will be the rates for those firms established in the final results of this review; (2) for companies previously found to be entitled to a separate rate and for which no review was requested, the cash deposit rate will be the rate established in the most recent review of that company; (3) for all other PRC exporters of subject merchandise, the cash deposit rate will be the China-wide rate of 85.20 percent; and (4) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

#### Notification of Interested Parties

This notice serves as a preliminary reminder to importers of their responsibility under section 351.402 of the Department's regulations 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 sections 751(a)(1) and 771 (i)(1) of the Act.

Dated: August 31, 1999.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-834-803]

#### Titanium Sponge From the Republic of Kazakhstan; Notice of Preliminary Results of Antidumping Duty Administrative Review

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

**ACTION:** Notice of preliminary results of antidumping duty administrative review.

**SUMMARY:** In response to a request from Titanium Metals Corporation, the Department of Commerce (the Department) is conducting an administrative review of the antidumping finding on titanium sponge from the Republic of Kazakhstan (Kazakhstan). This notice of preliminary results covers the period August 1, 1997 through July 31, 1998. This review covers one manufacturer/exporter and one trading company.

We preliminarily determine that no sales were made below normal value during this review period. If this preliminary result is adopted in our final results of administrative review, we will instruct the U.S. Customs Service to liquidate entries during the period of review (POR) without regard to dumping duties. Interested parties are invited to comment on this preliminary result. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) a statement of the issue; and (2) a brief summary of the argument.

**EFFECTIVE DATE:** September 8, 1999.

**FOR FURTHER INFORMATION CONTACT:** Mark Manning, Office of AD/CVD Enforcement, Office 4, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-3936.

#### 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, as amended (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to 19 CFR Part 351 (1998).

#### Background

The Department published an antidumping finding on titanium

sponge from the Union of Soviet Socialist Republics (U.S.S.R.) on August 28, 1968 (33 FR 12138). In December 1991, the U.S.S.R. divided into fifteen independent states. To conform to these changes, the Department changed the original antidumping finding into fifteen findings applicable to each of the former republics of the U.S.S.R. (57 FR 36070, August 12, 1992).

On August 28, 1998, Titanium Metals Company (Timet) requested that the Department conduct an administrative review of the antidumping finding on titanium sponge from Kazakhstan for one manufacturer/exporter, Ust-Kamenorgorsk Titanium and Magnesium Plant (UKTMP), and one trading company, Specialty Metals Corporation (SMC), covering the period August 1, 1997 through July 31, 1998. The Department published a notice of initiation of the review on September 29, 1998 (63 FR 51893). Due to the complexity of the legal and methodological issues presented by this review, the Department postponed the date of the preliminary results of review on May 10, 1999 (64 FR 25024). The Department is conducting this administrative review in accordance with section 751 of the Act.

On August 13, 1998, the International Trade Commission (ITC) published in the **Federal Register** its determination that revocation of the findings covering titanium sponge imports from Kazakhstan, the Russian Federation (Russia), and Ukraine and the antidumping duty order covering imports of titanium sponge from Japan is not likely to lead to continuation or recurrence of material injury to an industry in the United States. Due to this determination the Department has revoked the finding covering titanium sponge imports from Kazakhstan. This revocation is effective as of August 13, 1998, the date of publication in the **Federal Register** of the ITC's determinations. See *Notice of Revocation of Antidumping Findings and Antidumping Duty Order and Termination of Five-Year ("Sunset") Reviews: Titanium Sponge from Kazakhstan, Russia, Ukraine, and Japan*, 63 FR 46215 (August 31, 1998).

#### Scope of Review

The product covered by this administrative review is titanium sponge from Kazakhstan. Titanium sponge is chiefly used for aerospace vehicles, specifically, in construction of compressor blades and wheels, stator blades, rotors, and other parts in aircraft gas turbine engines. Imports of titanium sponge are currently classifiable under the harmonized tariff schedule (HTS)