Maktas

We did not make a claimed billing adjustment for foreign currency exchange gain. *See* Comment 1.

Cost of Production

As discussed in the *Preliminary Results,* we conducted an investigation to determine whether Maktas and Pastavilla made home market sales of the foreign like product during the period of review (''POR'') at prices below their cost of production (''COP'') within the meaning of section 773(b)(1) of the Act.

We calculated the COP for these final results following the same methodology as in the preliminary results. For both Maktas and Pastavilla, we found 20 percent or more of the sales of a given product during the 12 month period were at prices less than the weighted-average COP for the POR. Thus we determined that these below-cost sales have been made in ''substantial quantities'' within an extended period of time, and that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(B), (C), and (D) of the Act. Therefore, for purposes of these final results, we disregarded these below-cost sales and used the remaining sales as the basis for determining normal value, pursuant to section 773(b)(1) of the Act.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. As noted above, we received a case brief from Maktas.

Comment 1: Billing Adjustment

Maktas argues that for the sales to one of its customers, the Department incorrectly deducted a billing adjustment from Maktas' U.S. price in the preliminary results. Maktas contends that this billing adjustment reflects a foreign exchange gain based on a payment term, and therefore, should be added to its U.S. price.

DOC Position: We agree with Maktas, in part, that we should not deduct the ''billing adjustment'' from Maktas' U.S. price. However, we disagree with Maktas that this billing adjustment should be added to its U.S. price. For these final results, this alleged ''billing adjustment'' was neither subtracted from nor added to Maktas' U.S. price. Rather, because the sale price was originally set in U.S. dollars, we have used the agreed upon U.S. dollar price per ton for these final results. Since no currency conversion is involved under our methodology, the billing adjustment in question becomes a moot issue. *See* memorandum from Cindy Robinson to the file, *Analysis Memorandum for Maktas Makarnacilik ve Tic. A.S.,* December 7, 1999.

Final Results of Review

As a result of our review, we find that the following margins exist for the period July 1, 1997, through June 30, 1998:

Manufacturer/exporter	Margin (percent)
Maktas Makarnacilik Sanayi ve Tic. A.S..	0.29 (de minimis)
Pastavilla Kartal Makarnacilik Sanayi Ticaret A.S..	0.00

The Department shall determine, and the United States Customs Service shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212 (b)(1), we have calculated importer-specific assessment rates by dividing the dumping margin found on the subject merchandise examined by the entered value of such merchandise. We will direct the United States Customs Service to assess antidumping duties on appropriate entries by applying the assessment rate to the entered value of the merchandise entered during the POR, except where the assessment rate is zero or de minimis (*see* 19 CFR 351.106(c)(2)).

Cash Deposit Requirements

To calculate the cash-deposit rate for each producer and/or exporter included in this administrative review, we divided the total dumping margins for each company by the total net value for that company's sales during the review period.

Furthermore, the following cash deposit requirements will be effective for all shipments of the subject merchandise from Turkey entered, or withdrawn from warehouse, for consumption upon publication of these final results of administrative review, as provided by section 751(a)(2)(A) and (C) of the Act: (1) The cash deposit rate for Maktas and Pastavilla will be zero; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original less-than-fair-value (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 review or in any previous segment of this proceeding, the cash deposit rate will be 51.49 percent, the ''all others'' rate established in the LTFV investigation. *See Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta from Turkey,* 61 FR 38545 (July 24, 1996).

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

This notice serves as final reminder to importers of their responsibility under 19 CFR 351.402(f) 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 in the subsequent assessment of double antidumping duties.

This notice also serves as a 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 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply is a violation of the APO.

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: December 7, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–32226 Filed 12–10–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–847]

Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review

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

ACTION: Notice.

SUMMARY: On August 6, 1999, the Department of Commerce published the preliminary results of its first administrative review of the antidumping duty order on persulfates from the People's Republic of China. *See Persulfates from the People's*

Republic of China: Preliminary Results of Antidumping Duty Administrative Review, *and Partial Rescission of Administrative Review,* 64 FR 42912 (August 6, 1999). The period of review is December 27, 1996, through June 30, 1998. Based on our analysis of comments received, we have made changes to the margins calculated for purposes of the preliminary results, including corrections of certain clerical errors. The final weighted-average dumping margins are listed below in the section entitled ''Final Results of Review.''

We have determined that sales have been made below normal value during the period of review. Accordingly, we will instruct the Customs Service to assess antidumping duties based on the difference between export price and normal value.

EFFECTIVE DATE: December 13, 1999.

FOR FURTHER INFORMATION CONTACT: Sunkyu Kim or James Nunno, AD/CVD Enforcement Group I, Office II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–2613 or (202) 482–0783, respectively.

APPLICABLE STATUTE AND REGULATIONS: Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department's) regulations are to the regulations at 19 CFR Part 351 (April 1998).

SUPPLEMENTARY INFORMATION:

Background

On August 6, 1999, the Department published in the **Federal Register** the preliminary results of the administrative review of the antidumping duty order on persulfates from the People's Republic of China (PRC). *See Persulfates from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, and Partial Rescission of Administrative Review*, 64 FR 42912 (August 6, 1999) (*Preliminary Results*). We gave interested parties an opportunity to comment on our preliminary results and held a public hearing on October 28, 1999. The following parties submitted comments: FMC Corporation (the petitioner); Shanghai Ai Jian Import & Export Corporation (Ai Jian), Sinochem Jiangsu Wuxi Import & Export Corporation (Wuxi), and Shanghai Ai Jian Reagent Works (AJ Works) (producer for Ai Jian and Wuxi) (collectively, the respondents).

The Department has now completed this administrative review in accordance with section 751(a) of the Act.

Scope of Review

The products covered by this review are persulfates, including ammonium, potassium, and sodium persulfates. The chemical formula for these persulfates are, respectively, (NH sub4) sub2 S sub2 O sub8 , K sub2 S sub2 O sub8 , and Na sub2 S sub2 O sub8 . Ammonium and potassium persulfates are currently classified under subheading 2833.40.60 of the Harmonized Tariff Schedule of the United States (HTSUS). Sodium persulfate is classified under HTSUS subheading 2833.40.20. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this review is dispositive.

Export Price

For both Ai Jian and Wuxi, we calculated export price (EP) in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and constructed export price (CEP) methodology was not otherwise warranted, based on the facts of record. We calculated EP based on the same methodology used for purposes of the preliminary results.

Normal Value

Section 773(c)(4) of the Act requires the Department to value the non-market economy (NME) producer's factors of production, to the extent possible, in one or more market economy countries that: (1) are at a level of economic development comparable to that of the NME, and (2) are significant producers of comparable merchandise. As stated in the *Preliminary Results*, the Department has determined in this case that India meets both statutory requirements for an appropriate surrogate country. For purposes of the final results, we have continued to rely on India as the surrogate country. Accordingly, we have calculated normal value (NV) using Indian surrogate values for the PRC producers' factors of production except in those instances where an input was sourced from a market economy and paid for in a market economy currency.

We used the same methodology for calculating NV as that described in the Preliminary Results, with the following exceptions: (1) We corrected our adjustment for the sales and excise taxes included in the values reported in Chemical Weekly because of an inadvertent error (see comment 12 below); (2) we adjusted the calculation of freight costs incurred between the suppliers of packing materials (*i.e.*, polyethylene and woven bags, polyethylene sheet, wood pallets, fiberboard, and polypropylene sacks) and AJ Works in order to correct certain errors made in the preliminary results calculations; (3) we included AJ Works' indirect labor hours in our calculation of labor expenses, which were inadvertently omitted from our preliminary results calculations (*see* comment 10 below); (4) we adjusted AJ Works' reported indirect labor hours to account for the labor hours of additional employees that were previously not included (see comment 10 below); (5) we reclassified certain depreciation expenses from Calibre Chemicals Pvt. Limited's (Calibre's) financial statements as selling, general, and administrative expenses (SG&A) expenses, which results in a change to the overall factory overhead and SG&A ratios (*see* comment 7 below). *See* the *U.S. Price and Factors of Production Adjustments for the Final Results* (*Calculation Memorandum*) and *Final Results Factors Valuation Memorandum from the Team to the File* (*Factors Memorandum*) dated December 6, 1999, for a more detailed explanation of these calculation changes.

Analysis of Comments Received

Comment 1: Construction Costs for New PRC Factory and Alleged Fire at the New Facility

The petitioner argues that the Department failed to incorporate in the normal value calculation costs related either to the construction of a new factory or to a fire that allegedly occurred at AJ Works during the period of review (POR) and, as a result, the normal value was understated. The petitioner further argues that, despite the petitioner's requests, the Department failed to obtain from AJ Works information related to these two events. The petitioner asserts that the Department has an obligation to investigate antidumping cases and to assign fair dumping margins, and that the failure to obtain data requested by the petitioner constitutes an abuse of discretion. The petitioner cites several court cases in which it claims that the Court of International Trade (CIT) required the Department to perform an investigation of the facts related to the issues of the related antidumping proceedings (*e.g.*, *Wieland-Werke AG* v. *United States*, 4 F. Supp. 2d 1207 (CIT 1998), *Rhone-Poulenc, Inc.* v. *United States*, 927 F. Supp. 451, 456 (CIT 1996), and *Freeport Minerals Company* v. *United States*, 776 F.2d 1029, 1034 (Fed. Cir. 1985)).

The petitioner states that the initial operations of a new production plant have an adverse effect on all categories of manufacturing costs. In particular, the petitioner notes that during the initial phase of production, the production volume will generally be lower than normal, which results in higher per-unit fixed costs, most notably depreciation expenses. Similarly, the petitioner states that a company that experienced a fire will have higher per-unit costs due to the disruption in production. In a market-economy case, the petitioner asserts, costs related to a new factory or a fire are captured in the cost of manufacturing of a market-economy respondent. In this case, the petitioner argues, if the Department does not account for such increases in AJ Works' cost of manufacturing, the normal value for the respondents will be understated.

The petitioner contends that the Department should have issued a questionnaire to AJ Works in order to confirm that a fire did occur at AJ Works' production facility and obtain sufficient information to allow the Department to value the costs related to the fire. With respect to the construction of a new factory, the petitioner submits that the Department must develop a methodology for calculating additional costs and increase AJ Works' normal value accordingly.

The respondents rebut that the petitioner's concerns about costs related to the construction of a new factory or an alleged fire are irrelevant in an NME proceeding. The respondents argue that although AJ Works' accounting records may indicate additional factory overhead and SG&A expenses resulting from costs related to the construction of a new factory or a fire, such expenses were incurred in NME currencies and are, therefore, considered by the statute to be unreliable for purposes of calculating dumping margins. Citing the preamble to the Department's regulations in which the Department stated that the ''use of an NME price as a benchmark is inappropriate because it is the unreliability of NME prices that drives us to use the special NME methodology in the first place,'' the respondents argue that the Department does not consider the expenses incurred by the NME producer relevant to the surrogate value analysis. *See Antidumping Duties: Countervailing Duties; Final Rule*, 62 FR 27296, 27367–27368 (May 19, 1997) (*Final Rule*). Thus, the respondents argue that the petitioner's proposal to add ''factors of construction'' to the calculation of AJ Works'' normal value is contrary to statutory intent and the Department's established NME practice of disregarding transactions that involve non-market economy prices.

Furthermore, the respondents claim that the Department does not permit an adjustment of the surrogate factory overhead, SG&A or profit values merely because the circumstances of the surrogate producer are different from that of the NME respondent's experience. The respondents cite the preamble to the Department's regulation in which the Department stated that ''we do not believe it is appropriate to check surrogate values {for manufacturing overhead, general expenses, and profit} against the NME respondents' experience.'' *Final Rule*, 62 FR at 27366.

Regarding the petitioner's argument concerning the Department's obligation to investigate claims made by the petitioner, the respondents assert that in the same court cases cited by the petitioner, the CIT did not obligate the Department to investigate information that is irrelevant to the Department's determination or based on speculation. In the present case, the respondents continue, the petitioner's concerns about AJ Works' construction and fire-related costs are purely speculative and contradicted by the record evidence that has been fully verified by the Department. Accordingly, the respondents urge the Department to reject the petitioner's proposal to calculate ''factors of construction'' or costs related to an alleged fire.

DOC Position

We disagree with the petitioner that the normal value we calculated for AJ Works in the preliminary results is understated. In accordance with section 773(c)(1) of the Act, we calculated normal value based on AJ Works' factors of production, including amounts for direct materials, labor hours, energy, and surrogate values for factory overhead, SG&A and profit. The petitioner requests that we increase the normal value to capture additional costs AJ Works incurred related to the construction of a new factory and an alleged fire. The petitioner's argument, however, has no statutory basis. The NME normal value provisions of the statute neither direct us nor provide us with a method by which to make the types of adjustments requested by the petitioner. In addition, such an adjustment is not in accordance with Department practice.

With respect to the petitioner's argument concerning the increase in the per-unit fixed costs, in particular depreciation expenses, during an initial phase of production, we note that such expenses are included in factory overhead, which in this review is based on the surrogate overhead expenses of Calibre. We do not find it appropriate, however, to adjust Calibre's factory overhead costs to match the experience of AJ Works. In this regard, we cite to the Department's position in *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From Romania: Final Results and Rescission in Part of Antidumping Duty Administrative Review,* 61 FR 51427 (October 2, 1996) (*TRBs from Romania*). In that review, we stated, ''[t]he Department normally bases normal value completely on factor values from a surrogate country on the premise that the actual experience in the NME cannot meaningfully be considered.'' *See TRBs from Romania*, 61 FR at 51429. Based on this principle, the Department articulated in other cases that with respect to overhead and SG&A surrogate values, the Department does not customize the values to match the circumstances of the PRC producer. *See e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of 1996–1997 Antidumping Duty Administrative Review and New Shipper Review and Determination Not To Revoke Order in Part*, 63 FR 63842, 63853 (November 17, 1998); *Certain Helical Spring Lock Washers From the People's Republic of China: Final Results of Antidumping Administrative Review*, 61 FR 41994, 41999 (August 13, 1996). Accordingly, we find no basis to attempt to manipulate Calibre's financial data to capture construction-related costs incurred by AJ Works.

Contrary to the petitioner's claim, none of the court cases cited by the petitioner requires that we obtain information that is not relevant to our determination. Although we do have information on the record that AJ Works began production in a new facility during the POR, we did not obtain further information concerning costs related to the new production facility because such information is not relevant for purposes of calculating normal value within the parameters of our NME calculation methodology. For the same reason, we did not obtain information on whether AJ Works experienced a fire during the POR.

Comment 2: Whether to use Calibre's 1997 or 1998 Data, or the Average for Purposes of Calculating Factory Overhead, SG&A, and Profit

To value the respondents' factory overhead, SG&A and profit for purposes of the preliminary results, we calculated surrogate ratios based on Calibre's financial statements for fiscal years 1997 and 1998. (Calibre's fiscal year begins on April 1 and ends on March 30.) Both the petitioner and the respondents disagree with the Department's calculation of these surrogate ratios based on the average of 1997 and 1998 data.

The petitioner argues that if the Department does not include additional costs related to the construction of the new factory in the calculation of normal value, the Department, as an alternative, should use Calibre's 1997 financial data, as opposed to an average of 1997/1998 data. The petitioner contends that the data from Calibre's 1997 fiscal year is more reflective of AJ Works' experience of constructing a new factory during the POR, because information from Calibre's financial statements suggests that Calibre expanded its production facilities during its 1997 fiscal year. Specifically, the petitioner argues that certain overhead costs decreased from Calibre's 1997 fiscal year to its 1998 fiscal year, although its production volume increased. The data also indicate that production capacity increased, while expenses related to subcontracting labor decreased during that same period.

The petitioner asserts that the Department has broad discretion in the selection and application of surrogate values, and that it may reject certain portions of Calibre's financial statements, or all of its financial statements, if it determines that these data are not reliable indicators of surrogate values for factory overhead, SG&A, or profit. The petitioner cites *Nation Ford Chemical Company* v. *United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1999) (*Nation Ford*), in which the Department maintained that it ''has the discretion to use whatever values are the most reflective of the experience of the NME producer.'' Therefore, because Calibre's data indicate that it expanded its production facility during the 1997 fiscal year, the petitioner argues that the Department should use only the 1997 data in its calculations in order to reflect accurately the experience of AJ Works.

The respondents, on the other hand, argue that the Department should calculate surrogate overhead, SG&A expenses, and profit based only on Calibre's 1998 data because Calibre's 1998 fiscal year is contemporaneous with most of the respondents' U.S. sales. The respondents state that for administrative reviews, the Department calculates entry-specific dumping margins based on the date of each U.S. sale, in accordance with section 751(a)(2)(A) of the Act and 19 CFR 351.414. The respondents claim that the fundamental reasoning behind this methodology is to determine whether the specific U.S. sale is being sold at less than fair value when compared to the normal value of merchandise produced contemporaneously with the U.S. sale. The respondents contend that the Department's decision to average Calibre's 1997 and 1998 financial data creates a distorted normal value that is not contemporaneous with the sales of subject merchandise.

The petitioner objects to the respondents' argument to use only Calibre's 1998 data, and argues that contemporaneity is more accurately defined by the review period itself, not the period of time within a review period that a respondent made its sales to the United States. The petitioner asserts that the respondents' argument is not supported by case precedence, and that the proposed methodology of choosing surrogate value data based on the date of the U.S. sale can allow an NME respondent to manipulate its future U.S. sale dates based on the available surrogate value data. The petitioner also argues that in addition to contemporaneity, accuracy is an important factor in selecting surrogate value data.

DOC Position

We disagree with both the petitioner and the respondents. First, we address the petitioner's argument that factory overhead expenses should be based solely on Calibre's 1997 fiscal year. The POR in this review overlaps both Calibre's 1997 and 1998 fiscal years. Calibre's 1997 fiscal year covers three months of the POR while Calibre's 1998 fiscal year falls entirely within the POR. In valuing factors of production, we select, where possible, surrogate values that are representative of a range of prices either within the POR or most contemporaneous with the POR. In this case, both Calibre's 1997 and 1998 fiscal years are contemporaneous with the POR.

With respect to the petitioner's argument that Calibre's 1997 fiscal year is most reflective of AJ Works' experience during the POR because it allows the Department to estimate the increase in AJ Works' costs, we emphasize the Department's consistent practice with regard to this matter discussed above under Comment 1. Specifically, as noted above, the Department does not tailor the factory overhead and SG&A expenses of a surrogate company to match the experience of the PRC producer. The U.S. Court of Appeals upheld in *Nation Ford* that, although ''a surrogate value must be as representative of the situation in the NME country as is feasible,'' we are not required to ''duplicate the exact production experience of the NME producer'' at the expense of choosing a surrogate value that most accurately represents the fair market value of the various factors of production in the surrogate country. Further, the U.S. Court of Appeals upheld the decision made in *Magnesium Corp. of Am.* v. *United States*, 166 F. 3d 1364 (CAFC 1999), that a factors of production analysis ''does not require item-by-item accounting for factory overhead.'' Therefore, for purposes of calculating surrogate factory overhead based on Calibre's data, we find it inappropriate to attempt to match Calibre's factory overhead expenses to AJ Works' production experience.

Regarding the respondents' arguments, we disagree that the use of both 1997 and 1998 data distorts normal value and is inconsistent with the Department's practice. First, the respondents incorrectly argue that 19 CFR 351.414 directs the Department to compare each U.S. sale to the normal value that is contemporaneous with the date of U.S. sales. This section of our regulations applies to the calculation of normal value in a market economy, which is not applicable in this administrative review, because AJ Works is located in an NME country.

In an NME proceeding, contemporaneity is defined by the POR itself, not the period of time within the POR that a respondent made its sales to the United States. As noted above, the POR in this instance is within both Calibre's 1997 and 1998 fiscal year periods. Furthermore, as the petitioner notes, in selecting surrogate values, we consider the accuracy of the data in addition to contemporaneity. As we noted in the *Preliminary Results*, because of the substantial differences between Calibre's 1997 and 1998 overhead and SG&A data, we determined that it was appropriate to average the 1997 and 1998 fiscal years in order to smooth out the effect of such differences. Thus, while Calibre's fiscal year 1998 fully coincides with the POR, the POR in fact is within both Calibre's 1997 and 1998 fiscal year periods and using both fiscal years results in the most accurate surrogate values for factory overhead and SG&A.

Based on the foregoing, we continued to find that averaging Calibre's 1997 and 1998 fiscal year data is most appropriate and, therefore, have continued to use the average data for purposes of calculating surrogate factory overhead, SG&A, and profit ratios.

Calculation of Factory Overhead

Comment 3: Allocation of Factory Overhead Expenses Between Subject and Non-Subject Merchandise

For purposes of our preliminary results, we allocated Calibre's total factory overhead expenses between subject and non-subject merchandise based on raw material input quantities as reported in the company's financial statements. The respondents contend that the Department's allocation methodology is unsupported by record evidence and inconsistent with Department practice. First, the respondents argue that neither the Department nor the petitioner provided any documentary support for using raw material input quantity as the allocation basis. In particular, the respondents claim the Department's analysis fails to explain why it is more appropriate to use relative input quantities rather than input values as the allocation basis.

In fact, the respondents submit, the Department has a preference for a value-based allocation methodology where two co-products produced from a common production process vastly differ in value. In support of their contention, the respondents cite *Polyvinyl Alcohol From Taiwan: Final Results of Antidumping Duty Administrative Review*, 63 FR 32810, 32815 (June 16, 1998) (*PVA from Taiwan*), in which the Department determined that the production costs for two co-products were properly allocated based on the relative sales value of the two co-products. In the present case, the respondents claim that the sales value of Calibre's non-subject merchandise is significantly higher than the sales value of its subject merchandise. The respondents base this claim on a comparison of the respondents' POR-average unit price of the subject merchandise to the 1998 U.S. import values of the non-subject merchandise. Given the greater revenue-generating power of non-subject merchandise, the respondents assert that it is more appropriate to allocate costs based on value. Accordingly, the respondents argue that the Department should allocate Calibre's overhead costs between subject and non-subject merchandise based on the relative raw material input value.

The petitioner maintains that the Department's allocation methodology is supported by record evidence, and is based on sound cost accounting principles. In particular, the petitioner points to a February 16, 1999, letter placed on the record from an FMC Corporation official supporting the use of relative raw material consumption amounts as an allocation basis. The petitioner further argues that Calibre's subject and non-subject merchandise cannot be considered co-products. The petitioner, citing *PVA from Taiwan*, notes that co-products are "produced simultaneously up to a point, after which they become separated from one another." 61 FR 14064, 14071. In this case, the petitioner claims, Calibre's non-subject products require different raw materials than the subject merchandise, and, therefore, the products cannot be commingled during production. Therefore, the petitioner concludes by asserting that a value-based allocation methodology is inappropriate with respect to Calibre's overhead costs.

According to the petitioner, the most common basis for allocating costs between products that are not co-products is machine hours, direct labor hours, production volume, or raw material input quantities. In this case, the petitioner observes, among these factors, the only information available in Calibre's financials statements is the raw material input quantities. Therefore, the petitioner submits that the Department's allocation of Calibre's overhead expenses based on raw material input quantity is the only reasonable way to allocate costs in this case.

DOC Position

Calibre's financial statements do not contain sufficient information for us to determine whether the company's non-subject products are co-products in the production process of persulfates. The Department's regulations, however, provide generally that, in determining the appropriate method for allocating costs among products, we "may take into account production quantities, relative sales values, and other quantitative and qualitative factors associated with the manufacture and sales of the subject merchandise." *See* 19 CFR 351.407(c). In this case, Calibre's factory overhead costs to be allocated include depreciation costs, consumable stores, repairs and maintenance costs, and other manufacturing overheads. These types of overhead items are associated with the production volume of each product and, as such, can be measured either by the relative raw material input quantities or the output quantity of each finished product. Calibre's financial statements do not provide the relative production quantity of each finished product, but do provide the relative raw material input usage. Accordingly, given the data available from Calibre's financial statements, we find that relative raw material input usage provides the most reasonable and accurate basis to allocate overhead costs between Calibre's products.

Comment 4: Calculating Factory Overhead as a Percentage of Material, Labor, and Energy Costs

The respondents contend that the Department improperly calculated the surrogate factory overhead ratio by dividing Calibre's overhead expenses by material costs only. The respondents state that the Department's established practice in this regard is to divide the surrogate company's overhead costs by the cost of materials, labor, and energy. This methodology, the respondents argue, is based on the fundamental understanding that overhead costs relate to more than just material costs, but also to labor and energy costs. According to the respondents, the relative raw material consumption quantities, which the Department used to allocate Calibre's overhead expenses between its subject and non-subject merchandise, can also be applied to Calibre's labor and energy costs in order to calculate a denominator inclusive of material, labor, and energy costs.

The petitioner counters that there is no information available upon which to allocate Calibre's labor and energy costs among the company's finished products. The petitioner points out that Calibre's financial statements do not identify the labor expenses or electricity usage for each finished product. Accordingly, the petitioner submits that the methodology used by the Department provides the most accurate calculation possible of the overhead costs incurred for the production of persulfates.

DOC Position

We disagree with the respondents that our calculation methodology with respect to the surrogate factory overhead ratio is improper or distorted. Although the respondents are correct that the Department's standard methodology of calculating overhead expenses is to divide the total factory overhead expenses by the total material, energy and labor costs, the Department has the discretion to adopt alternative approaches of calculating factory overhead, SG&A and profit ratios depending on the specific facts of the case. *See, e.g., Manganese Metal From* *the People's Republic of China: Final Results of Second Antidumping Administrative Review,* 64 FR 49447, 49456 (September 13, 1999), in which the Department derived labor-exclusive surrogate overhead and SG&A percentages. In this review, as explained in our *Preliminary Results,* we determined that because of the differing cost structures between Calibre's production of subject and non-subject merchandise, it was more appropriate first to allocate Calibre's overhead expenses between its product lines. Given the available data in Calibre's financial statements and information on the record, we determined that raw material input quantity is the most accurate basis to allocate overhead expenses. Specifically, we defined overhead as a percentage of Calibre's raw material costs. We then applied this ratio directly to the raw material costs that we calculated based on AJ Works' reported factors of production. Based on the foregoing, we maintain that our preliminary results calculation of the factory overhead rate provides the most reasonable methodology based on the information on the record. With respect to labor and energy costs, however, there is no information available from which to allocate these costs among the company's finished products, and, hence, no way to use labor and energy costs along with material costs in order to calculate overhead.

Calculation of SG&A Expenses

Comment 5: Appropriate Indian Surrogate Company

For purposes of the preliminary results, we based SG&A expenses on Calibre's financial data and calculated the expenses as a percentage of total cost of manufacturing, in accordance with the Department's standard methodology. The petitioner argues that Calibre's SG&A data is unreliable because it cannot be viewed as representative of the operations of AJ Works. The petitioner bases its argument on two grounds. First, the petitioner claims that, as with factory overhead costs, Calibre's dissimilar cost structure between subject and non-subject merchandise distorts the company's SG&A expenses, when calculated using the Department's traditional methodology. Specifically, the petitioner asserts that an allocation of SG&A expenses on the basis of Calibre's cost of manufacturing would overstate the amount of the SG&A expenses attributed to non-subject merchandise due to the fact that the majority of Calibre's cost of manufacturing is made up of raw materials costs for non-subject merchandise. The petitioner observes that there is no reasonable basis upon which to allocate the total SG&A expenses between persulfates and non-subject merchandise because, by their nature, SG&A expenses are unrelated to the immediate manufacturing process and any allocation methodology is wholly arbitrary.

The petitioner further notes that in a market economy case it does not matter that the respondent may manufacture a variety of diverse products because the SG&A factor is based on the actual expenses incurred by the market economy respondent. In a non-market economy case, however, the petitioner asserts that the SG&A factor is based on the SG&A experience of a surrogate company whose operations may not accurately reflect those of the NME producer, and that such a situation applies to this administrative review.

Second, the petitioner claims that Calibre's SG&A rate, when compared to other representative benchmark rates, demonstrates that Calibre's data grossly understate the SG&A rate for persulfates production. Specifically, the petitioner makes a comparison of Calibre's data to both the SG&A data of National Peroxide, an Indian producer of comparable merchandise that the Department relied upon in the original investigation, and to the SG&A data of the Indian chemicals and metals industry as reflected in the Reserve Bank of India Bulletin (RBI) data.

Accordingly, based on the foregoing reasons, the petitioner submits that we should reject Calibre's SG&A data and rely upon National Peroxide's SG&A data as the most accurate surrogate value available in this review. The petitioner cites a number of past cases in support of its position that the Department has wide discretion in the selection of surrogate values, including using a mix of financial data of two different surrogate companies.

The respondents counter that the petitioner failed to provide any legal or factual support for its argument that Calibre's data is unreliable. As a legal matter, the respondents emphasize that the Department's NME practice establishes a clear preference for selecting surrogate value sources that are producers of subject merchandise. The respondents argue that it would only be necessary to use data from a surrogate producer of comparable merchandise if the data of the surrogate producer of the identical merchandise is incomplete, distorted, or not contemporaneous. In this instance, the respondents assert that the petitioner has not demonstrated that Calibre's data is incomplete or distorted for purpose of calculating the surrogate SG&A expense ratio. Therefore, the respondents urge the Department to reject the petitioner's argument and continue to rely upon Calibre's SG&A data.

DOC Position

We disagree with the petitioner that Calibre's financial data is inappropriate for purposes of calculating a surrogate SG&A ratio. First, we address the petitioner's assertion that Calibre's SG&A data is distorted because it overstates the amount of the SG&A expenses attributed to non-subject merchandise and understates the amount attributed to subject merchandise. As the petitioner notes, in market-economy cases, the Department's long-standing practice with respect to allocating general expenses to individual products is to calculate a rate by dividing the company's general expenses by its total cost of sales, as reported in the respondent's audited financial statements. See the Department's standard Section D Cost of Production and Constructed Value questionnaire at page D–17. This method recognizes general expenses are costs that relate to the company's overall operations, rather than to the operations of a division within the company or to a single product line. *See Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, and Certain Corrosion-Resistant Carbon Steel Flat Products From Japan,* 58 FR 37154, 37166 (July 9, 1993); and *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod From Sweden,* 63 FR 40449, 40459 (July 29, 1998). Although this proceeding involves a non-market economy country, the immediate issue at hand involves deriving an SG&A ratio using the financial data of a market-economy company. Unlike factory overhead costs, SG&A expenses are not considered to be directly related to the production of merchandise. In fact, in most cases, general expenses are so indirectly related to a particular production process that the most reasonable allocation basis is the company's total cost of manufacturing. Thus, while it is appropriate to allocate the factory overhead costs between subject and non-subject merchandise on a basis other than cost, we find no basis to allocate SG&A expenses to specific product lines on any other basis.

While we recognize that Calibre's financial data does not mirror the actual experience of AJ Works, this does not render Calibre's data unreliable for purposes of calculating a surrogate SG&A ratio within the context of the Department's NME methodology. As discussed above under comments 1 and 2, ''[t]he Department normally bases normal value completely on factor values from a surrogate country on the premise that the actual experience in the NME cannot meaningfully be considered.'' *See TRBs from Romania,* 61 FR at 51429. Therefore, with respect to overhead and SG&A surrogate values, the Department does not tailor the values to match the circumstances of the PRC producer. Accordingly, the fact that Calibre's financial data may not reflect AJ Works' actual experience provides no basis to conclude that Calibre's data is unreliable.

In this case, we have on the record three different sources for valuing factory overhead, SG&A and profit ratios: the financial statements of Calibre, the financial statements of National Peroxide, and the RBI data. In the less-than-fair-value (LTFV) proceeding, the Department rejected RBI data as a basis for surrogate values and, instead, used the financial data of National Peroxide. We determined that, in the absence of data from a surrogate producer that produced merchandise that was identical to persulfates, it was necessary to use data of a surrogate producer that produced comparable merchandise. In the instant review, we have on the record the financial statements of an Indian persulfates producer. As the respondents note, the Department's NME practice establishes a preference for selecting surrogate value sources that are producers of identical merchandise, provided that the surrogate data is not distorted or otherwise unreliable. For the reasons discussed above, we do not find Calibre's data distorted or otherwise unreliable.

With respect to the cases cited by the petitioner, we note that with the exception of *Beryllium Metal and High Beryllium Alloys From the Republic of Kazakstan,* 62 FR 2648 (January 17, 1997) (*Beryllium Metal From Kazakstan*), none of the cases involved relying on multiple sources for factory overhead, SG&A and profit ratios. In *Beryllium Metal From Kazakstan,* we calculated SG&A and profit ratios based on financial data from the primary surrogate country, Peru. With respect to overhead, we relied on financial data from a producer in Brazil because there was a lack of detailed overhead cost data from Peru. In the instant review, Calibre's financial statements provide sufficient detailed data for us to calculate an SG&A ratio in accordance with our normal methodology.

The petitioner proposes that we value factory overhead and profit based on Calibre's financial statements, but value SG&A expenses based on National Peroxide's financial statements. We find this approach to be inappropriate and unwarranted. A company's profit amount is a function of its total expenses. Using Calibre's financial data for factory overhead and profit, then using National Peroxide's data for SG&A, as proposed by the petitioner, results in applying a profit ratio that bears no relationship to the overhead and SG&A ratios. In addition, the petitioner's approach increases the potential for double-counting or under-counting of expenses because different companies may classify expenses differently.

Accordingly, based on the foregoing considerations, we conclude that, in the instant review, Calibre's financial data provides the best available information with respect to surrogate values for factory overhead, SG&A and profit ratios. Therefore, for purposes of these final results, we have continued to rely upon Calibre's financials for these values.

Comment 6: Understatement of SG&A Expenses

The petitioner argues that for purposes of the preliminary results, the Department understated SG&A expenses by omitting wages and salaries of selling and administrative personnel. The petitioner observes that Indian companies generally include the total salaries and wages for all labor (i.e., direct and indirect production labor and SG&A labor) in one expense category (''Employment Costs''), separate and apart from SG&A expenses. According to the petitioner, because the SG&A factor the Department used for purposes of the preliminary results did not include any portion of the ''Employment Costs'' category, we failed to include any costs for selling and administrative personnel in the calculation. For purposes of the final results, the petitioner argues that we should estimate the number of hours for selling and administrative personnel at Ai Jian and Wuxi and increase the SG&A expenses by multiplying the estimated hours for each company by the hourly wage rate.

The respondents object to the petitioner's argument by first noting that in our preliminary results, we included cost categories for ''service and jobwork expenses,'' ''directors'' remuneration,'' and ''professional charges'' from Calibre's data as part of SG&A expenses. The respondents continue by stating that, contrary to the petitioner's claim, categories listed under ''Employment Costs'' relate to direct and indirect labor costs associated with the production of merchandise and do not include SG&A labor. Moreover, the respondents argue that the petitioner's proposed methodology would double-count SG&A labor. Accordingly, the respondents urge the Department to reject the petitioner's argument.

DOC Position

We agree with the respondents. Based on our review of Calibre's financial statements, while we find that categories listed under ''Employment Costs'' relate to direct and indirect labor costs associated with the production of merchandise, there is no information to indicate that these categories also include SG&A labor costs. As the respondents note, we included cost categories for ''service and jobwork expenses,'' ''directors'' remuneration,'' ''professional charges,'' ''selling expenses,'' and ''administrative overheads'' in SG&A expenses. In order for us to compute SG&A labor hours as a separate element of factors of production, as proposed by the petitioner, it would be necessary to derive SG&A expenses from Calibre's financial data exclusive of all labor components. Given the lack of sufficient detailed data, we are not able to break out labor costs from Calibre's SG&A expense categories. Accordingly, we did not calculate SG&A labor hours as a separate component in our factors of production calculation. Rather, we are making a reasonable assumption that SG&A labor is included in the surrogate SG&A ratio.

Comment 7: Depreciation Expenses

The respondents argue that for purposes of the preliminary results, the Department improperly included all depreciation expenses as part of factory overhead without allocating a portion of the expenses to SG&A. According to the respondents, Department practice mandates that depreciation costs be allocated according to the function and value of the assets, and only depreciation costs that are attributable to assets related to manufacturing costs may be allocated to factory overhead. At a minimum, the respondents assert that the Department should allocate depreciation costs for ''Residential Building'' and ''Furniture and Fixtures'' to SG&A and a portion of the costs for ''Computers'' and ''Vehicles'' to SG&A.

The petitioner asserts that the record evidence does not include any information that would allow the

Department to allocate depreciation costs as suggested by the respondents. Thus, the petitioner states that the Department should classify all expenses in question as manufacturing expenses and include them in factory overhead.

DOC Position

We agree with the respondents that depreciation costs should be allocated between factory overhead and SG&A based on the value and function of the assets, in accordance with Department practice. *See e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China,* 62 FR 6189 (February 11, 1997). Calibre's financial statements contain a breakdown of the total depreciation costs for fiscal year 1998. Based on this information, we classified each expense category as either overhead or SG&A for purposes of these final results. Where it was unclear whether an expense would be more properly categorized as overhead rather than SG&A (*i.e.,* ''Computers'' and ''Vehicles''), we allocated the expense amount evenly between the two categories. With respect to fiscal year 1997 depreciation costs, Calibre's financial statements do not provide a breakdown of the total amount. Therefore, we allocated the total costs between overhead and SG&A based on the percentage of total costs allocated to each category for fiscal year 1998. *See* the *Factors Memorandum* for detailed analysis.

Comment 8: Reclassifying ''Service and Jobwork'' Expenses

The respondents claim that the Department improperly classified ''Service and Jobwork'' expenses as SG&A expenses. According to the respondents, the reference to ''jobwork'' identifies these expenses as related to subcontracting labor expenses that should be considered as part of direct manufacturing labor costs, rather than as SG&A expenses.

The petitioner submits that because Calibre's financial statements do not describe the type of expenses that are included in the line item ''Service and Jobwork'' expenses, it is within the Department's discretion to classify these expenses on the basis of the best information available. The petitioner suggests that it is much more likely that these expenses relate primarily to auxiliary manufacturing services rather than to contract labor hired to assist in the production of merchandise. Accordingly, the petitioner states that the Department should continue to include these expenses in SG&A.

DOC Position

We disagree with the respondents. As noted by the petitioner, Calibre's financial statements do not provide a description of the type of expenses that are included in the ''Service and Jobwork'' expenses line item. Therefore, there is no basis to conclude that these expenses represent labor costs directly associated with the production of merchandise. Moreover, as noted by both the petitioner and respondents under comment 6 above, it appears that direct and indirect labor costs related to production are separately reported under ''Employment Costs'' in Calibre's financial statements. Therefore, because the ''Service and Jobwork'' expenses line item is listed as a separate category, and not under ''Employment Costs,'' we conclude that we properly treated these expenses as SG&A.

Comment 9: Scrap Income

The respondents claim that the Department erroneously applied Calibre's sale of scrap as an offset to its cost of manufacturing in the calculation of SG&A ratio. According to the respondents, the Department's practice is to apply an offset for scrap only when the respondent claims an offset for scrap. Given that the respondents in this review did not receive scrap revenue, the respondents assert that it would be inappropriate for the Department to attribute scrap revenue from the surrogate Indian producer to the data reported by the respondents.

The petitioner did not comment on this issue.

DOC Position

We disagree with the respondents and have continued to include Calibre's sales of scrap as an offset to its cost of manufacturing for purposes of deriving a surrogate SG&A ratio. The Department's practice is to treat scrap sales as a reduction in cost of manufacturing. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from the People's Republic of China,* 63 FR 72255 (December 31, 1998). While AJ Works had no scrap sales and did not claim an offset for scrap, this is irrelevant to our calculation of a surrogate *SG&A ratio.* Calibre did receive revenue from sale of scrap materials, and this revenue is an offset to its cost of manufacturing. Therefore, in calculating Calibre's SG&A ratio as a percentage of its cost of manufacturing, we need to include all revenues and expenses that affect its cost of manufacturing. Accordingly, we have continued to offset Calibre's cost of manufacturing with the scrap revenue amount. As noted above under Comment 5, in calculating surrogate overhead and SG&A ratios, we consider all components of the surrogate company's manufacturing and general expenses without tailoring them to match the circumstances of the NME producer. *See e.g., TRBs from the PRC*, 63 FR at 63853.

Comment 10: Indirect Labor

The petitioner contends that the Department, for purposes of the preliminary results, failed to include indirect labor hours in the calculation of normal value. According to the petitioner, because the surrogate Indian company's financial statements do not include salaries or wages for indirect workers in the factory overhead expenses, the Department needs to include AJ Works' total indirect labor hours as a factor of production. The petitioner further asserts that AJ Works under-reported the number of indirect labor hours in the factors of production data submitted to the Department. Accordingly, the petitioner argues that the Department should increase the reported number of indirect hours to account for all of the indirect workers reported by AJ Works using the methodology proposed in its case brief.

The respondents rebut that the Department correctly included the factory's indirect labor hours in the calculation of normal value. The respondents further state that, contrary to the petitioner's claim, the Department found no discrepancies at verification concerning its reported indirect labor hours.

DOC Position

We agree with the petitioner that we erred in the preliminary results calculations by not including indirect labor hours in the factors of production calculation. We further agree with the petitioner that based on our review of information on the record, the number of indirect labor hours AJ Works reported in its factors of production table understates the total number of indirect labor hours involved in the production of subject merchandise during the POR. Specifically, AJ Works, in its November 19, 1998, Section D response, stated that it reported indirect labor hours associated with ''inventory maintenance'' in the factors of production table. In its February 4, 1999, supplemental Section D response, AJ Works provided a list of all divisions in the factory and the corresponding number of employees in each division. Our review of this list indicates that AJ Works omitted labor hours for certain employees indirectly related to the production of subject merchandise, such as quality control, technology and energy department personnel. Therefore, for purposes of the final results, we increased the number of indirect labor hours based on information AJ Works provided in its supplemental Section D response and included the revised per-unit indirect labor hour in our calculation of normal value. *See* the *Calculation Memorandum* for a detailed analysis.

Comment 11: Separate Rates

The petitioner submitted for the record a copy of a Circular issued by the Chinese Communist Party on January 14, 1997, entitled ''Notice of the Communist Party of China Central Committee on Reinforcing and Improving Party Building in the State-Owned Enterprises'' (*The Circular*). Citing excerpts from *The Circular,* the petitioner claims that *The Circular* expressly imposes Communist Party control over, among other things, decisions regarding the selection of management and decisions concerning the disposition of proceeds of export sales and profits. Accordingly, the petitioner claims, the Department should, on the basis of *The Circular,* presume *de facto* state control over state enterprises and apply a single country-wide rate to the respondents in this proceeding.

The respondents counter that the petitioner fails to demonstrate how *The Circular* demonstrates *de facto* control of any of the respondents in this review. The respondents argue that they have substantiated their claim of *de facto* independence from the central Chinese government and demonstrated that they are unaffected by the provisions of *The Circular.* Accordingly, the respondents request the Department to reject the petitioner's argument.

DOC Position

We disagree with the petitioner. We note that the petitioner submitted *The Circular* on the record of the LTFV investigation of persulfates from the PRC, covering the period January through June 1996, and requested that the Department revisit its policy regarding separate rates. For purposes of the final determination, the Department stated that ''* * * it is not clear that [*The Circular*] nullifies or amends any laws or regulations that grant operational independence to exporters, or that it will result in *de facto* government control over export activities of [state-owned exporters] at some time,'' and determined that Ai Jian and Wuxi merited separate rates.

In the instant review, we found that the two exporters subject to review operate independently with respect to exports. Specifically, we found that (1) export prices are not set by or subject to government control; (2) company officials have the authority to negotiate and sign contracts; (3) each company has control over disposition of foreign currency earned from export sales; and (4) each company has autonomy from the government regarding the selection of management (*see* the *Sales Verification Report* for Ai Jian and Wuxi, dated June 24, 1999). Therefore, because the evidence on the record of this review demonstrates an absence of government control, both in law and in fact, with respect to the respondents' export activities, we have continued to assign both Ai Jian and Wuxi separate rates.

Comment 12: Chemical Prices

The petitioner argues that the Department overstated the excise and sales taxes deducted from prices published in *Chemical Weekly* due to an incorrect calculation, which results in an understatement of the surrogate values for these inputs.

The respondents agree with the petitioner.

DOC Position

We agree. We have made the appropriate corrections for purposes of the final results.

Final Results of the Review

As a result of our analysis of the comments we received, we have made changes to our analysis. We determine the following weighted-average margins existed for the period December 27, 1996, through June 30, 1998:

Manufacturer/Exporter	Margin (percent)
Shanghai Ai Jian Import & Export Corporation	5.41
Sinochem Jiangsu Wuxi Import & Export Corporation	7.18

Assessment Rates

The Department shall determine and the Customs Service shall assess antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the Customs Service upon completion of this review. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties. For assessment purposes, we do not have the information to calculate an estimated entered value. Accordingly, we have calculated importer-specific duty assessment rates for the merchandise by aggregating the dumping margins calculated for all U.S. sales on an importer-specific basis and dividing this amount by the total quantity of those sales. This rate will be assessed uniformly on all entries of that particular importer made during the POR.

Furthermore, the following deposit requirements will be effective upon publication of this notice of final results of this antidumping duty administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for each reviewed company will be the rate indicated above; (2) the cash deposit rate for Guangdong Petroleum will continue to be 34.97 percent, the company-specific rate from the LTFV investigation; (3) the cash deposit rate for all other PRC exporters will continue to be 119.02 percent, the PRC-wide rate established in the LTFV investigation; 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 shall remain in effect until publication of the final results of the next administrative review.

Notification of Interested Parties

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with section 351.306 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: December 6, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–32225 Filed 12–10–99; 8:45 am]

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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A–570–825]

Sebacic Acid From the People's Republic of China: Final Results of Antidumping Duty Administrative Review

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

ACTION: Notice.

SUMMARY: On Friday, August 6, 1999, the Department of Commerce published in the **Federal Register** the preliminary results of the administrative review of the antidumping duty order on sebacic acid from the People's Republic of China. *See Sebacic Acid from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review,* 65 F.R. 42916 (Aug. 6, 1999). The administrative review covers four exporters of the subject merchandise to the United States: Tianjin Chemicals Import and Export Corporation; Guangdong Chemicals Import and Export Corporation; Sinochem International Chemicals Company, Ltd.; and Sinochem Jiangsu Import and Export Corporation. The period of review is July 1, 1997, through June 30, 1998.

We gave interested parties an opportunity to comment on our preliminary results. Based on our analysis of the comments received and the correction of certain clerical errors, we have changed our results from those presented in our preliminary results as described below in the ''Analysis of Comments Received'' section of this notice. The final results are listed below in the section ''Final Results of the Review.''

EFFECTIVE DATE: December 13, 1999.

FOR FURTHER INFORMATION CONTACT: Sunkyu Kim or Christopher Priddy, AD/CVD Enforcement Group I, Office II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–2613 or (202) 482–1130, respectively.

APPLICABLE STATUTE AND REGULATIONS: Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (April 1998).

SUPPLEMENTARY INFORMATION:

Background

On August 6, 1999, the Department of Commerce (the Department) published in the **Federal Register** the preliminary results of the 1997–1998 administrative review of the antidumping duty order on sebacic acid from the People's Republic of China (PRC). *See Sebacic Acid from the PRC: Preliminary Results of Antidumping Duty Administrative Review,* 64 Fed. Reg. 42916 (August 6, 1999) (*Preliminary Results*). On August 26, 1999, Tianjin Chemicals Import and Export Corporation (Tianjin Chemicals), Guangdong Chemicals Import and Export Corporation (Guangdong Chemicals), and Sinochem International Chemicals Company, Ltd. (SICC) (collectively comprising the respondents) submitted additional surrogate value data. The petitioner and successor in interest to Union Camp Corporation, Arizona Chemical Company, filed a response to the respondents' submission on September 7, 1999. The petitioner and three of the four respondents submitted case briefs on September 7, 1999, and rebuttal briefs on September 13, 1999. The Department held a public hearing on October 27, 1999. The fourth respondent, Sinochem Jiangsu Import and Export Corporation, did not participate in this administrative review. Accordingly, the Department has continued to base the margin for this respondent on facts available for purposes of the final results.

The Department has now completed this administrative review in accordance with section 751(a) of the Act.

Scope of Review

The products covered by this order are all grades of sebacic acid, a dicarboxylic acid with the formula $(CH_2)_8(COOH)_2$, which include but are not limited to CP Grade (500ppm maximum ash, 25 maximum APHA color), Purified Grade (1000ppm maximum ash, 50 maximum APHA color), and Nylon Grade (500ppm maximum ash, 70 maximum ICV color). The principal difference between the grades is the quantity of ash and color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C10 dibasic acid. Sebacic acid is sold generally as a free-flowing powder or flake.

Sebacic acid has numerous industrial uses, including the production of nylon 6/10 which is a polymer used for paintbrush and toothbrush bristles and paper machine felts, plasticizers, esters, automotive coolants, polyamides, polyester castings and films, inks and adhesives, lubricants, and polyurethane castings and coatings.

Sebacic acid is currently classifiable under subheading 2917.13.00.30 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding remains controlling.

Export Price

For Guangdong, SICC, and Tianjin we calculated export price (EP) in accordance with section 772(a) of the Act because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and constructed export price (CEP) methodology was not otherwise warranted based on the facts of record. We calculated EP based on the same methodology used for purposes of the preliminary results with the exception that we used a different surrogate value for all respondents' ocean freight expenses. *See* Comment 7.

Normal Value

Section 773(c)(4) of the Act requires the Department to value the non-market economy (NME) producer's factors of production, to the extent possible, in one or more market economy countries that: (1) Are at a level of economic development comparable to that of the NME, and (2) Are significant producers of comparable merchandise. As stated in the *Preliminary Results*, the Department has determined in this case that India meets both statutory requirements for an appropriate surrogate country. In the final results, we have continued to rely on India as the surrogate country. Accordingly, we have calculated normal value (NV) using Indian surrogate values for the PRC producers' factors of production.

We calculated NV based on the same methodology used in the preliminary results with the following exceptions: (1) We adjusted the surrogate values of the by-product fatty acid and the co-