DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–703]

Granular Polytetrafluoroethylene Resin From Italy; Preliminary Results of Antidumping Duty Administration 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 by the petitioner, the Department of Commerce is conducting an administrative review of the antidumping duty order on gramdular polytetrafluoroethylene resin from Italy. This review covers Ausimont SpA. The period of review is August 1, 1996, through July 31, 1997.

We have preliminary determined that sales of polytetrafluoroethylene resin from Italy have been at less then normal value. We invite interested parties to comment on these preliminary results. Parties who submit comments in this proceeding are requested to submit with each argument: (1) A statement of the issue, and (2) a brief summary of the argument.

EFFECTIVE DATES: May 11, 1998.

FOR FURTHER INFORMATION CONTACT: Magd Zalok or Kris Campbell, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone: (202) 482–4162 or (202) 482–3813, respectively.

SUPPLEMENTARY INFORMATION:

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 (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations provided in 19 CFR Part 351, as published in the **Federal Register** on May 19, 1997 (62 FR 27296).

Background

On August 30, 1988, the Department published in the **Federal Register** the antidumping duty order on granular polytetrafluoroethylene resin (PTFE) from Italy (53 FR 33163). On August 4, 1997, the Department of published a notice of ''Opportunity to Request Administrative Review'' of this antidumping duty order for the period of August 1, 1996, through July 31, 1997 (62 FR 41925). On August 28, 1997, we received a timely request for review from E.I. DuPont de Nemours & Company (the petitioner). The review request named one respondent, Ausimont SpA and Ausimont USA Inc. (collectively, Ausimont). On September 25, 1997, we published the notice of initiation of this review (62 FR 50292).

We issued a questionnaire to Ausimont on September 24, 1997, followed by a supplemental questionnaire on February 23, 1998. On December 19, 1997, the petitioner submitted a timely request for verification of Ausimont's response.

Verification

In accordance with section 782(i)(3) of the Act, we conducted a verification of Ausimont's response from April 6 through April 14, 1998, in Bollate, Italy, and in Thorofare, New Jersey (*see* Verification of the Responses of Ausimont SpA and Ausimont U.S.A. in the 1996/97 Administrative Review of Polytetrafluoroethylene (PTFE) Resin from Italy, May 4, 1998).

Scope of the Review

The product covered by this review is granular PTFE resin, filled or unfilled. This order also covers PTFE wet raw polymer exported from Italy to the United States. *See* Granular Polytetrafluoroethylene Resin from Italy; Final Determination of Circumvention of Antidumping Duty Order, 58 FR 26100 (April 30, 1993). This order excludes PTFE dispersions in water and fine powders. During the period covered by this review, such merchandise was classified under item number 3904.61.00 of the Harmonized Tariff Schedule of the United States (HTS). We are providing this HTS number for convenience and Customs purposes only. The written description of the scope remains dispositive.

Fair Value Comparisons

We compared the constructed export price (CEP) to the normal value (NV), as described in the *Constructed Export Price* and *Normal Value* sections of this notice. Pursuant to section 777A(d)(2) of the Act, we compared the CEPs of individual transactions to contemporaneous monthly weighted-average prices of sales of the foreign like product.

We first attempted to compare contemporaneous sales of products sold in the U.S. and the comparison market that were identical with respect to the following characteristics: type, filler, percentage of filler, and grade. Where we were unable to compare sales of identical merchandise, we compared U.S. sales with comparison market sales of the most similar merchandise based on the characteristics listed above, in that order of priority. With respect to U.S. sales of imported wet raw polymer that further manufactured into finished PTFE resin (see Constructed Export Price, below), we limited our price-based comparisons to comparison market sales of wet raw polymer.

Where there were no appropriate comparison market sales of comparable merchandise, we compared the merchandise sold in the United States to constructed value (CV), in accordance with section 773(a)(4) of the Act.

Constructed Export Price

For all sales to the United States, we calculated constructed export price (CEP) as defined in section 772(b) of the Act because all sales to unaffiliated parties were made after importation of the subject merchandise into the United States through Ausimont U.S.A., respondent's affiliate. We based CEP on the packed, delivered prices to unaffiliated purchasers in the United States (the starting price). We made deductions for movement expenses, in accordance with section 772(c)(2)(A) of the Act, including international freight marine insurance, brokerage and handling, U.S. inland freight, other transportation expenses, and U.S. customs duties.

In accordance with section 772(d)(1) of the Act, we deducted selling expenses incurred by the affiliated seller in connection with economic activity in the United States. These expenses include credit, warranty, technical service, inventory carrying costs, and indirect expenses incurred by Ausimont USA.

With respect to sales involving imported wet raw polymer that was further manufactured into finished PTFE resin in the United States, we deducted the cost of such further manufacturing in accordance with section 772(d)(2) of the Act. We determined that the special rule for merchandise with value added after importation under section 772(e) of the Act did not apply to such sales because the value added in the United States by the affiliated person did not exceed substantially the value of the subject merchandise.

Finally, we made an adjustment for the profit allocated to the above-referenced selling and further manufacturing expenses, in accordance with section 772(d)(3) of the Act.

No other adjustments were claimed or allowed.

Normal Value

In order to determine whether there was a sufficient volume of sales of granular PTFE resin in the home market to serve as a viable basis for calculating normal value (NV), we compared Ausimont's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a) of the Act. Because the aggregate volume of home market sales of the foreign like product was greater than five percent of the respective aggregate volume of U.S. sales for the subject merchandise, we determined that the home market provides a viable basis for calculating NV. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we based NV on the prices at which the foreign like product was first sold for consumption in the exporting country, in the usual commercial quantities and in the ordinary course of trade.

We determined home prices net of price adjustments (early payment discounts and rebates). Where applicable, we made adjustments for packing and movement expenses, in accordance with sections 773(a)(6) (A) and (B) of the Act. In order to adjust for differences in packing between the two markets, we deducted home market packing costs from NV and added U.S. packing costs. We also made adjustments for differences in costs attributable to differences in physical characteristics of the merchandise, pursuant to section 773(a)(6)(C)(ii) of the Act, and for other differences in the circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act. We made a COS adjustment for home market credit expense.

As noted above, we determined normal value based on CV where there were no appropriate home market sales for comparison with the U.S. sale. We calculated CV in accordance with section 773(e) of the Act. We included the cost of materials and fabrication, selling, general and administrative (SG&A) expenses, and profit. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by Ausimont in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in Italy. For selling expenses, we used the weighted-average home market selling expenses. We included U.S. packing pursuant to section 773(e)(3) of the Act. Where appropriate, we made adjustments to CV, in accordance with section 773(a)(8) of the Act, for differences in the COS. Specifically, we made a COS adjustment by deducting home market credit. We also made a CEP-offset adjustment to NV for indirect selling expenses pursuant to section 773(a)(7)(B) of the Act as discussed below.

Level of Trade/CEP Offset

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales at the same level of trade in the comparison market as the level of trade of the U.S. sales. The NV level of trade is that of the starting-price sales in the comparison market. For CEP sales, such as those made by Ausimont in this review, the U.S. level of trade is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different level of trade than that of the U.S. sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different level of trade and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a level-of-trade adjustment under section 773(a)(7)(A) of the Act. Finally, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP-offset provision). See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa, 62 FR 61731, 61732 (November 19, 1997).

In implementing these principles in this review, we obtained information from Ausimont about the marketing stage involved in the reported U.S. sales and the home market sales, including a description of the selling activities performed by Ausimont for each channel of distribution. In identifying levels of trade for CEP and for home market sales, we considered the selling functions reflected in the CEP, after the deduction of expenses and profit under section 772(d) of the Act, and those reflected in the home market starting price before making any adjustments. We expect that, if claimed levels of trade are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that levels of trade are different for different groups of sales, the functions and activities of the seller should be dissimilar.

The record evidence before us in this review indicates that the home market and the CEP levels of trade have not changed from the 1995–96 review.[1] As in prior segments of the proceeding, we determined that for Ausimont there was one home market level of trade and one U.S. level of trade (*i.e.*, the CEP level of trade). In the home market, Ausimont sold directly to fabricators. These sales primarily entailed selling activities such as inventory maintenance, technical services, strategic and economic planning, market research, computer assistance and business system development assistance, personnel training, engineering services, and delivery services.

In determining the level of trade for the U.S. sales, we only considered the selling activities reflected in the price after making the appropriate adjustments under section 772(d) of the Act. (See, e.g. Certain Stainless Wire Rods From France: Final Results of Antidumping Administrative Review, 61 FR 47874, 47879–80 (Sept. 11, 1996). The CEP level of trade involves minimal selling functions (*e.g.*, invoicing). Based on a comparison of the home market level of trade and this CEP level of trade, we find the home market sales to be at a different level of trade from, and more remote from the factory than, the CEP sales.

As noted above, all of the Ausimont's home market sales were at a single level of trade which is different from the CEP level of trade. Section 773(a)(7)(A) of the Act directs us to make an adjustment for difference in levels of trade where such differences affect price comparability. However, we were unable to quantify such price differences from information on the record. Because we have determined that the home-market level of trade is more remote from the factory than the CEP level of trade but the data necessary to calculate a level-of-trade adjustment are unavailable, we made a CEP-offset adjustment to NV pursuant to section 773(a)(7)(B) of the Act.

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign

[1] See 62 FR 48592, September 16, 1997 (final results) and 62 FR 26283, May 13, 1997 (preliminary results).

currencies into U.S. dollars, unless the daily rate involves a fluctuation. In accordance with our practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine a fluctuation exists, we substitute the benchmark for the daily rate. See Policy Bulletin 96–1 Currency Conversions, 61 FR 9434 (March 8, 1996).

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margin exists:

Manufacturer/exporter	Period	Margin (percent)
Ausimont S.p.A	08/01/96–07/31/97	40.90

Parties to the proceeding may request disclosure within five days of the date of publication of this notice. Any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 44 days after the date of publication, or the first workday thereafter. Case briefs and/or written comments from interested parties may be submitted not later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in the case briefs and comments, may be filed not later than 37 days after the date of publication. Parties who submit arguments in this proceeding are requested to submit with each argument: (1) A statement of the issue and (2) a brief summary of the argument. The Department will issue the final results of the administrative review, including the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days of issuance of these preliminary results.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Because the inability to link sales with specific entries prevents calculation of duties on an entry-by-entry basis, we have calculated an importer-specific ad valorem duty assessment rate for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total customs value of the sales used to calculate these duties. This rate will be assessed uniformly on all entries of that particular importer made during the POR. (This is equivalent to dividing the total amount of antidumping duties, which are calculated by taking the difference between NV and CEP, by the total CEP value of the sales compared, and adjusting the result by the average difference between CEP and customs value for all merchandise examined during the POR.) Individual differences between CEP and NV may vary from the percentage stated above. Upon completion of this review, the Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping dumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of PTFE resin from Italy entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Ausimont will be the rate established in the final results of administrative review; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the original less than fair value (LTFV) investigations or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in this review, a previous review, or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise in the final results of this review or the LTFV investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review, the cash deposit rate will be 46.46 percent, the ''all others'' rate established in the LTFV investigation (50 FR 26019, June 24, 1985).

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

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 CFR 353.22(1996).

Dated: May 4, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–427–009]

Industrial Nitrocellulose from France: 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 by the petitioner, Hercules Incorporated, the Department of Commerce is conducting an administrative review of the antidumping duty order on industrial nitrocellulose from France. The review covers Bergerac, N.C. (formerly identified by the name of its parent company, Societe Nationale des Poudres et Explosifs), and its affiliates for the period August 1, 1996, through July 31, 1997.

We have preliminarily determined that sales for Bergerac, N.C., have been made below normal value. If these preliminary results are adopted in our final results of administrative review, we will instruct U.S. Customs to assess antidumping duties on all appropriate entries.

We invite interested parties to comment on these preliminary results. Parties who submit comments in this proceeding are requested to submit with each argument (1) a statement of the