reports provided by ISL to Harborchem with respect to U.S. sales).

ISL claims that there is a qualitative difference in the amount of selling activities provided, since its home market sales significantly outnumber its shipments to Harborchem. However, as we stated in the 1994–96 Final Results, while we examine selling functions on both a qualitative and quantitative basis, our examination is not contingent on the number of customers nor on the number of sales for which the activity is performed.[6]

Accordingly, having determined that ISL's sales in the home market were at a level of trade that does not constitute a more advanced stage of distribution than the level of trade of the CEP, we did not make a CEP offset to NV.

Absorption of Antidumping Duties

On August 29, 1997, the petitioner requested that the Department determine whether antidumping duties have been absorbed by ISL. Since the preliminary assessment rate for the review is zero, we preliminarily determine that ISL has not absorbed antidumping duties.

Currency Conversion

We made currency conversions based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a ''fluctuation.'' In accordance with 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 margin exists for the period June 1, 1996—May 31, 1997:

Manufacturer/exporter	Margin (percent)
Illovo Sugar Ltd	0.00

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 ten days of publication. Any hearing, if requested, will be held 44 days after the publication of this notice, or the first workday thereafter. Interested parties may submit case briefs within 30 days of the date of publication of this notice. Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication. The Department will issue a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such briefs, within 120 days from the publication of these preliminary results.

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. If these preliminary results are adopted in our final results, we will instruct the Customs Service not to assess antidumping duties on the merchandise subject to review. Upon completion of this review, the Department will issue appraisement instructions directly to the Customs Service.

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of furfuryl alcohol from the Republic of South Africa 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)(2)(c) of the Act: (1) the cash deposit rate for ISL will be the rate established in the final results of this review, except, if the rate is less than 0.5 percent and, therefore, *de minimis,* the cash deposit will be zero; (2) if the exporter is not a firm covered in this review, the previous review, or the original 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 (3) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be 11.55 percent, the ''All Others'' rate established in the LTFV investigation.

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

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

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

Dated: March 2, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–5867 Filed 3–5–98; 8:45 am]

BILLING CODE 3510–DS–P

[6] 62 FR 61084, 61090 (Comment 7).

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–810]

Mechanical Transfer Presses From Japan; Preliminary Results of Antidumping Duty Administrative Review, and Intent To Revoke Order in Part

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

ACTION: Notice of preliminary results of antidumping duty administrative review, and intent to revoke order in part; mechanical transfer presses from Japan.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on mechanical transfer presses (MTPs) from Japan in response to a request by petitioners, Verson Division of Allied Products Corp., the United Autoworkers of America, and the United Steelworkers of America (AFL–CIO/CLC); and by respondent Aida Engineering, Ltd. (Aida). This review covers shipments of this merchandise to the United States during the period February 1, 1996 through January 31, 1997.

We have preliminarily determined that sales have not been made below normal value (NV). If these preliminary results are adopted in our final results, we will instruct U.S. Customs to liquidate entries without regard to antidumping duties. Based on Aida's three consecutive years of *de minimis* margins, we intend to revoke the order with respect to Aida.

Interested parties are invited to comment on these preliminary results. Parties who submit argument are requested to submit with each argument: (1) A statement of the issue, and (2) a brief summary of the argument.

EFFECTIVE DATE: March 6, 1998.

FOR FURTHER INFORMATION CONTACT: Elisabeth Urfer or Maureen Flannery, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington D.C. 20230; telephone (202) 482–4733.

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the provisions codified at 19 CFR part 353, as they existed on April 1, 1996.

SUPPLEMENTARY INFORMATION:

Background

The Department published in the **Federal Register** an antidumping duty order on MTPs from Japan on February 16, 1990 (55 FR 5642). On February 3, 1997, we published in the **Federal Register** (62 FR 4978) a notice of opportunity to request an administrative review of the antidumping duty order on MTPs from Japan covering the period February 1, 1996 through January 31, 1997.

In accordance with 19 CFR 353.25(b)(1) and (2), Aida requested revocation of the antidumping duty order with respect to Aida, and requested that the Department conduct an administrative review of the antidumping order in accordance with § 353.22(a)(2) and § 353.25(b) of the regulations. Petitioners requested that we conduct a review of Hitachi Zosen Corporation (Hitachi Zosen) and Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI). We published a notice of initiation of this antidumping duty administrative review on MTPs on March 18, 1997 (62 FR 12793).

Petitioners requested that the Department initiate an investigation of sales below the cost of production (COP) with respect to Hitachi Zosen. We concluded that an initiation of a COP investigation was not warranted. (See memorandum from Maureen Flannery to Edward Yang, ''Mechanical Transfer Presses from Japan: Allegation of Sales Below Cost for Hitachi Zosen Corp.,'' dated September 23, 1997.)

On June 16, 1997, the Petitioners withdrew their request for an administrative review with respect to IHI. IHI likewise requested that the Department terminate the administrative review on June 23, 1997. We rescinded the review with respect to IHI on November 10, 1997, and extended the preliminary results. See Mechanical Transfer Presses From Japan: Extension of Time Limits for Preliminary Results of Antidumping Duty Administrative Review, and Partial Recission of Administrative Review, 62 FR 60471. The Department is conducting this administrative review in accordance with section 751 of the Act.

Scope of Review

Imports covered by this review include MTPs currently classifiable under Harmonized Tariff Schedule (HTS) item numbers 8462.99.0035 and 8466.94.5040. The HTS numbers are provided for convenience and for U.S. Customs purposes. The written description remains dispositive of the scope of the order.

The term *mechanical transfer presses* refers to automatic metal-forming machine tools with multiple die stations in which the work piece is moved from station to station by a transfer mechanism designed as an integral part of the press and synchronized with the press action, whether imported as machines or parts suitable for use solely or principally with these machines. These presses may be imported assembled or unassembled. This review does not cover certain parts and accessories, which were determined to be outside the scope of the order. (See ''Final Scope Ruling on Spare and Replacement Parts,'' U.S. Department of Commerce, March 20, 1992; and ''Final Scope Ruling on the Antidumping Duty Order on Mechanical Transfer Presses (MTPs) from Japan: Request by Komatsu, Ltd.,'' U.S. Department of Commerce, October 1, 1996.)

This review covers two manufacturers of MTPs, and the period February 1, 1996 through January 31, 1997.

Verification

As provided in section 782(i) of the Act, we verified information provided by Aida by using standard verification procedures, including on-site inspection of the manufacturer's facilities, the examination of relevant sales and financial records, and the selection of original documentation containing relevant information. Our verification results are outlined in the public version of the verification report.

Intent To Revoke

On February 27, 1997, Aida submitted a request, in accordance with 19 CFR 353.25(b), to revoke the order covering MTPs from Japan with respect to Aida's sales of this merchandise. Aida's request was accompanied by the certification required under 19 CFR 353.25(b)(1) and the agreement to immediate reinstatement in the relevant antidumping order required under 19 CFR 353.25 (a)(2)(iii) and (b)(2).

In the two prior reviews of this order, we determined that Aida sold MTPs from Japan at not less than NV. The Department conducted a verification of Aida's response for this review and preliminarily determines that Aida sold MTPs at not less than NV during the review period. Based on Aida's three consecutive years of zero or *de minimis* margins, the above-mentioned certification, and the absence of any evidence to the contrary on the record of this review, we have preliminarily determined that it is not likely that Aida will in the future sell subject merchandise at less than NV. Therefore, if these preliminary findings are affirmed in our final results, we intend to revoke the order on MTPs from Japan with regard to Aida.

United States Price (USP)

Aida and Hitachi Zosen argue that we should use the contract prices as our starting price for MTPs under review. However, contract prices may include accessories and spare parts. Destack feeders, which are accessories, and spare and replacement parts have been found to be outside the scope of the order. Aida and Hitachi Zosen cite the *Final Determination of Sales at Less Than Fair Value: Mechanical Transfer Presses from Japan*, 55 FR 335, (January, 4, 1990), which states:

> For purposes of the final determination, we have determined that the prices charged for spare parts, tooling and other accessories associated with the basic machine which are separately identified in the contractual sales documentation should not be included in the gross price of the MTP * * *.

Hitachi Zosen argues that, for its MTP sales to the United States, the purchase order and the invoice evidence only the price for the system or set, and not discrete prices for the components, and that the parties intended to buy a press system rather than discrete machines. Aida similarly argues that, for all but one of its MTPs sold to the United States, the contracted price was a single price that included all goods and services covered by the sale. Petitioners argue that it is the Department's policy to use the price of the MTP and exclude other items that were included in the sale from its analysis. Petitioners claim that when sales documents are reviewed it appears that the price is broken down into components. At verification of Aida we found that, for one of its four sales which Aida claimed could not be

broken out, the price of the components could, in fact, be broken out; therefore, we have subtracted out the price of the destack feeder from the starting price. We also made a corresponding adjustment to constructed value (CV) to account for the cost of the destack feeder. We found that, for another MTP, the price of the spare parts could be broken out, but we could not break out the cost of the spare parts from the CV; therefore, we did not make an adjustment for that sale.

A. Aida

For sales made by Aida we calculated an export price, in accordance with section 772(a) of the Act, because the subject merchandise was sold by Aida directly to the first unaffiliated purchasers in the United States prior to importation into the United States, and constructed export price was not otherwise indicated.

We calculated export price based on the delivered or f.o.b. price to unaffiliated purchasers. We made deductions, where appropriate, for rebates, inland insurance, brokerage and handling, foreign inland freight, international freight, marine insurance, U.S. inland freight, U.S. transportation expenses, and U.S. customs duty.

B. Hitachi Zosen

For sales made by Hitachi Zosen we calculated an export price, in accordance with section 772(a) of the Act, because the subject merchandise was sold by Hitachi Zosen to unaffiliated purchasers in the United States prior to importation into the United States, and constructed export price was not otherwise indicated.

We calculated export price based on the delivered prices and ex-godown prices to unaffiliated purchasers. We made deductions for foreign inland freight and inland insurance, and, where appropriate, brokerage and handling, international freight, installation, supervision and U.S. duty in accordance with section 772(c) of the Act.

Normal Value (NV)

We preliminarily determine that the use of CV is warranted to calculate NV for Aida and Hitachi Zosen, in accordance with section 773(a)(4) of the Act. While the home market is viable, the particular market situation in this case, which requires that the subject merchandise be built to each customer's specifications, does not permit proper price-to-price comparisons in either the home market or third countries.

Aida and Hitachi Zosen assert that home, third country, and U.S. market products are distinguished by the many differences in specifications between the various presses, and that no merchandise sold in the home market or to a third country is identical to the merchandise sold to the United States. Aida and Hitachi Zosen argue that it is not possible to determine cost differences because (1) there is no baseline specification for comparison purposes; (2) the design of a press is dictated throughout by the combination of specifications applicable to the press, and it is not possible to isolate the cost effect of any single specification; and (3) differences in cost between two presses result not only from differences in specifications, but also from differences in material costs, processing costs, fiscal periods, and production efficiency from press to press.

Petitioners argue that presses may be sufficiently similar to allow for price-to-price comparisons because they are all automotive metal-forming machine tools with multiple die stations. On June 12, 1997, the Department requested additional cost information. In response to this request, Aida and Hitachi Zosen put information on the record that clearly indicated that the prices of home market and U.S. sales could not be compared. See Memorandum from Elisabeth Urfer to Edward Yang, dated March 2, 1998. We note that, in past proceedings involving large, custom-built capital equipment, including prior reviews of this order, we have normally resorted to CV. (See, *e.g.*, Large Power Transformers from France; Final Result of Antidumping Administrative Review, 61 FR 40403, August 2, 1996; Notice of Final Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, From Japan, 61 FR 38139, July 23, 1996; and Mechanical Transfer Presses From Japan: Final Results of Antidumping Duty Administrative Review, 62 FR 11820, March 13, 1997.)

For Aida and Hitachi Zosen, CV consists of the cost of materials and fabrication, selling, general and administrative expenses (SG&A), profit, and packing. For Aida's purchases of materials from affiliated parties, we used the higher of the transfer price or the cost of production, as provided for by Section 773(f)(3). Because the parts used in the manufacture of MTPs are custom-built, no market values were available. We calculated SG&A and profit based on home market sales of MTPs in accordance with section 773(e)(2)(A) of the Act. We did not include below cost sales in our calculation of profit (*see* below). We used packing costs for merchandise exported to the United States. For Aida, we made a circumstance-of-sale adjustment by deducting from CV home market direct selling expenses (*i.e.*, warranties, commissions, and credit), and adding to CV U.S. direct selling expenses (*i.e.*, warranties, commissions, and credit). For Hitachi Zosen, we made a circumstance-of-sale adjustment by deducting from CV home market direct selling expenses (*i.e.*, warranties), and adding to CV U.S. direct selling expenses (*i.e.*, warranties and credit). To calculate imputed U.S. credit expense, we used the dollar-denominated interest rates submitted by Hitachi Zosen and Aida.

For Aida, we disregarded below cost home market sales in making the CV profit calculation. Section 773(b)(1) provides that, whenever the Department has reasonable grounds to believe or suspect that home market sales under consideration for the determination of NV have been made at below cost prices, it shall determine whether, in fact, there were below cost sales. That provision further provides that, if below cost sales were made within an extended period of time in substantial quantities and not at prices that would recover costs within a reasonable period of time, the Department may disregard the below cost sales.

In the prior review of this order, pursuant to section 773(b)(1), the Department disregarded below cost home market sales in calculating CV profit, *i.e.*, they were disregarded in the determination of NV. Therefore, reasonable grounds exist to believe or suspect that Aida made below cost home market sales in the current review period. Section 773(b)(2)(ii). Accordingly, we requested and obtained from Aida the cost data necessary to determine whether below cost sales occurred during the period of review.

Because each MTP is custom-built, differs significantly in specifications, and is essentially a discrete model, we performed the cost test on a sale-by-sale basis. We compared the cost of each model sold in the home market to the home market price of that model. The Department found that certain home market models were sold at prices below the cost of production, and thus in substantial quantities, within an extended period of time, and at prices that do not permit recovery of cost within a reasonable period of time. Therefore, we have disregarded the below cost sales in determining CV profit.

In calculating the profit value for Aida, we have used home market sales submitted by Aida for the period encompassing the period of review and

sales contemporaneous to the U.S. sales. This was done to account for the relatively long period of time between the date when the MTP is sold and the date when it is completed for shipment.

Preliminary Results of the Review

We preliminarily determine that the following dumping margins exist:

Manufacturer/ exporter	Time period	Margin (percent)
Aida Engineering, Ltd	2/1/96–1/31/97	0.00
Hitachi Zosen Corporation ..	2/1/96–1/31/97	0.00

Parties to the proceeding may request disclosure within 5 days of the date of publication of this notice. Any interested party may request a hearing within 10 days of publication. Any hearing, if requested, will be held 44 days after the publication of this notice, or the first workday thereafter. Interested parties may submit case briefs within 30 days of the date of publication of this notice. Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication. The Department will publish a notice of final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, 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 appraisement instructions directly to the Customs Service.

Furthermore, the following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of MTPs from Japan entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(c) of the Act: (1) The cash deposit rate for reviewed companies will be the rate established in the final results of this review; (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 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) for all other producers and/or exporters of this merchandise, the cash deposit rate shall be the rate established in the investigation of sales at less than fair value, which is 14.51 percent.

These deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 353.25(b) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

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

Dated: March 2, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–5864 Filed 3–5–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–807]

Polyethylene Terephthalate Film From Korea: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Review

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

ACTION: Notice of preliminary results of antidumpting duty administrative review and partial rescission of review.

SUMMARY: In response to a request from one respondent and three U.S. producers, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip (PET film) from the Republic of Korea. The review covers one manufacturer/exporter of the subject merchandise to the United States and the period June 1, 1996 through May 31, 1997. We preliminarily determine that SKC Limited (SKC) sold subject merchandise below normal value (NV) during the period of review. If these preliminary results are adopted in our final results of review, we will instruct the U.S. Customs Service to assess antidumping duties based on the difference between the United States Price and NV. STC Corporation (STC) made no sales or shipments during the POR. Accordingly, we are resinding the review with respect to STC.

Interested parties are invited to comment on these preliminary results. 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 (no longer than five pages, including footnotes).

EFFECTIVE DATE: March 6, 1998.

FOR FURTHER INFORMATION CONTACT: Michael J. Heaney or Linda Ludwig, AD/CVD Enforcement Group III, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–4475/3833.

APPLICABLE STATUTE: 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, codified at 19 CFR Part 353 (1997).

SUPPLEMENTARY INFORMATION:

Background

The Department published an antidumping duty order on PET film from the Republic of Korea on June 5, 1991 (56 FR 25660). On June 23, 1997, the petitioners, E.I. DuPont Nemours & Co., Inc., Hoescht Celanese Corporation, and ICI Americas, Inc. requested reviews of SKC, and STC. On June 27, 1997, SKC requested an administrative review of its sales. We published a notice of initiation of the review on August 1, 1997 (62 FR 41339).

In its June 27, 1997 request for review, SKC requested revocation pursuant to 19 CFR 353.25(b). We are not considering SKC's request for revocation at this time because SKC has not sold the subject merchandise at not less than fair value for three consecutive years.

In response to our request for information, STC reported that it had no sales or shipments during the period of review. On November 25, 1997, the Department sent a no-shipment inquiry regarding STC to the U.S. Customs Service. Customs did not report any shipments by STC during the POR.