investigate the application and report to the Board.

Public comment on the application is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the address below. The closing period for their receipt is October 16, 1995. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period (to October 31, 1995).

A copy of the application and accompanying exhibits will be available for public inspection at each of the following locations:

Clinton County Area Development Corp., 61 Area Development Drive, Plattsburgh, New York 12901

Office of the Executive Secretary, Foreign-Trade Zones Board, Room 3716, U.S. Department of Commerce, 14th and Pennsylvania Avenue, NW., Washington, DC 20230

Dated: August 11, 1995.

John J. Da Ponte, Jr.,

Executive Secretary.

[FR Doc. 95–20438 Filed 8–16–95; 8:45 am]

BILLING CODE 3510–DS–P

International Trade Administration

[A–580–807]

Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea; Final Results of Antidumping Duty Administrative Review

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

ACTION: Notice of final results of antidumping duty administrative Review.

SUMMARY: On July 8, 1994, the Department of Commerce (the Department) published the preliminary results of administrative review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from the Republic of Korea. The review covers four manufacturers/exporters of the subject merchandise to the United States for the period November 30, 1990 through May 31, 1992.

As a result of comments we received, the antidumping margins have changed from those we presented in our preliminary results.

EFFECTIVE DATE: August 17, 1995.

FOR FURTHER INFORMATION CONTACT: Roy F. Unger, Jr., or Thomas F. Futtner, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 482–0651/3814.

SUPPLEMENTARY INFORMATION:

Background

On July 8, 1994, the Department published the preliminary results (59 FR 35098) of administrative review of the antidumping duty order on polyethylene terephthalate (PET) film from the Republic of Korea (56 FR 25660, June 5, 1991). At the request of petitioners and one respondent, we held a hearing on September 2, 1994.

Scope of the Review

Imports covered by the review are shipments of all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from this review are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches (0.254 micrometers) thick. Roller transport cleaning film which has at least one of its surfaces modified by the application of 0.5 micrometers of SBR latex has also been ruled as not within the scope of the order.

PET film is currently classifiable under Harmonized Tariff Schedule (HTS) subheading 3920.62.00.00. The HTS subheading is provided for convenience and for U.S. Customs purposes. The written description remains dispositive as to the scope of the product coverage. For most of the respondents the period of review (POR) covers November 30, 1990 through May 31, 1992. Because Cheil was determined to have a *de minimis* margin in the *Preliminary Determination of Sales at Less Than Fair Value* (56 FR 16305) (LTFV), Cheil's POR begins on April 22, 1991, when suspension of its merchandise was first ordered, and runs through May 31, 1992. The Department has conducted this review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Analysis of Comments Received

We invited interested parties to comment on the preliminary results of this administrative review. At the request of petitioners and one respondent, we held a public hearing on September 2, 1994. We received timely comments from petitioners and all respondents.

General Comments

Comment 1

Petitioners argue that respondents' reported costs for recycled PET film chip or pellet are not accurate and understate the true costs of producing PET film from recycled or reclaimed chip. Petitioners argue that respondents' cost accounting methodologies for recycled PET pellet are inconsistent with the Federal Circuit decision in *IPSCO v. United States*, 965 F.2d 1056, 1059–1061 (Fed. Cir. 1992) (*Ipsco Appeal*).

Petitioners have also argued that respondents' cost methodology for recycled PET chips permits possible manipulation of product costs to the advantage of respondents. Petitioners allege that this could occur by respondents' use of fewer recycled chips to produce film types that are not comparison candidates in the administrative review and more recycled chips to produce film types destined for the U.S. market and those comparable to the U.S.-destined merchandise. Under this scenario, according to petitioners, the low cost of recycled PET chips relative to virgin chips would reduce the cost of the U.S. product and its home market comparator. Petitioners allege that such cost shifting would reduce the probability of finding sales in the home market at prices below the cost of production (COP) and, where no contemporaneous sales of such or similar merchandise are available for comparison, use of lower constructed values.

In addition, petitioners allege that Cheil's use of the net realizable value for recycled PET chips is inaccurate because the market for recycled PET chips is not a real or significant market. Petitioners contend that very little recycled PET chip is sold on the open market and that it is not sold for use in PET film production.

Petitioners argue that respondents violated the *Ipsco Appeal* decision which requires that the total actual cost of merchandise subject to an antidumping duty order be included in the reported cost of such merchandise. Specifically, petitioners claim that respondents' reported costs do not capture the costs of production using recycled chip for the following reasons:

Cheil: Petitioners assert that Cheil's reported cost of recycled chip on the net realizable value (NRV) of PET pellets is inconsistent with Korean GAAP. Moreover, petitioners argue, this method results in the understatement of the true cost of recycled chip. Petitioners argue that Cheil should base

the cost of recycled chip on the cost of purchase of replacement virgin PET chip.

Cheil states that the Department has consistently permitted value-based costing methodologies for by-products. Cheil argues that its use of NRV to cost recycled PET chips is consistent with both Korean and U.S. GAAP. Cheil also argues that the Department is already on record with the Court of International Trade (CIT) as supporting Cheil's NRV methodology for costing recycled pellets. Cheil also argues that the *Ipsco Appeal* decision deals solely with the questions of how to allocate costs between joint products, one made to specification and one which is off-specification, when both products are under investigation. Respondent claims that recycled pellets are by-products that are not subject to the COP investigation, and have nothing to do with the *Ipsco Appeal* decision.

SKC: Petitioners argue that SKC has understated the cost of recycled PET pellet by undervaluing the cost of these chips. Petitioners argue that the Department should require SKC to base material costs of recycled pellet on the market value of equivalent volumes of raw, virgin PET chip.

SKC argues that its cost accounting methodology for recycled chip fully captures all costs associated with recycled chip by valuing recycled chip based on its actual COP. Respondent states that the finished film bears the cost of all raw materials consumed in the film production process, including the cost of raw materials later reclaimed to produce recycled chip. SKC also argues that its costing of recycled chip has been found to be reasonable and acceptable by both the Department and the CIT.

Kolon: Petitioners argue that Kolon has undervalued the cost of recycled PET film chip by improperly accounting for the fabrication costs of these chips.

Kolon argues that its methodology for costing recycled chip properly assigns the full amount of fabrication costs through a work-in-progress system which captures all costs associated with reclaimed PET chip. Kolon also argues that the Department's normal practice is to accept a respondent's cost accounting methodology if the system is reasonable and does not distort production costs.

DOC Position

While petitioners' argument may have merit, there is no indication on the record that such cost shifting has occurred. Based on the evidence in the record, the Department has determined that the *Ipsco Appeal* decision does not apply because recycled PET chips are not ''co-products'' because they do not have a relatively high sales value compared to the prime product. Nonetheless, because cost shifting is possible, we will examine this issue in future reviews of PET film from Korea. On a company-specific basis, we disagree with petitioners for the following reasons:

Cheil: The above notwithstanding, we believe in this review segment that Cheil's use of NRV to cost recycled PET film pellets is a reasonable costing methodology. We agree at this time with Cheil's characterization of recycled PET film pellets as by-products, identifiable by their relatively insignificant sales value (see Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Sebacic Acid from the People's Republic of China, 59 FR 565, January 5, 1994). The Department has, in the past, permitted the use of NRV to value recycled material inputs to the production process (see Final Determination of Sales at Less Than Fair Value, Polyethylene Terepthalate Film, Sheet, and Strip from the Republic of Korea, 56 FR 16305, June 5, 1991). Finally, the Department is satisfied that Cheil's use of NRV reasonably reflects the cost of producing subject merchandise and is in accordance with Korean and U.S. GAAP.

SKC: The above notwithstanding, we agree in this review segment with SKC's costing methodology to account for the cost of recycled PET film pellets. SKC used its normal cost accounting system for purposes of this review. This system accounts for the actual cost of recycled chips by aggregating all direct and indirect costs associated with the production of recycled chips. Raw materials are used exclusively for the production of virgin chips; the recycled chips are produced entirely from scrap film without input of additional raw materials. Therefore, we are satisfied that the costs of producing the recycled chip have been fully captured in the cost accounting for the production of virgin PET film chip.

Kolon: Notwithstanding the above, we agree in this review segment with Kolon that the costing methodology it reported for reclaimed PET film pellets is reasonable and not distortive of production costs. Petitioners themselves have argued in support of Kolon's classification of reclaimed chips as work-in-process inventory. Petitioners' argument that reclaimed chips should bear the entire cost of all the stages of the production process is erroneous; the reclaimed chips do not normally pass through all phases of the production process (e.g., final packaging), and thus should not bear the full cost of virgin chips in the film production process.

In conclusion, for these results of review, we have accepted all four respondents' costing methodology. In future reviews, however, we will examine specifically the issue of cost shifting.

Comment 2

Respondents argue that the Department should add home market value-added taxes (VAT) only to U.S. price (USP), asserting that legislative history supports the proposition that taxes should not be added to Foreign Market Value (FMV). Consequently, respondents maintain, the Department must follow the language of the statute which does not explicitly require the addition of taxes to home market price, third-country price, or CV, but does require the addition of these taxes to USP. Alternatively, respondents argue the Department should adopt the tax-neutral methodology authorized by the Federal Circuit in Zenith Electronics Corp. v. United States, 988 F 2nd 1573, 1580–82 (Fed.Cir.1993), and add the actual amount of the VAT to USP.

DOC Position

We disagree with respondents. In Federal-Mogul Corporation and The Torrington Company v. United States, 834 F. Supp. 1391 (CIT 1993) (Federal-Mogul), the CIT rejected the Department's past methodology for calculating an addition to USP under section 772(d)(1)(C) of the Act to account for taxes that the exporting country would have assessed on the merchandise had it been sold in the home market. The CIT held that the addition to USP under section 772(d)(1)(C) of the Act should be the result of applying the foreign market tax rate to the price of the United States merchandise at the same point in the chain of commerce that the foreign market tax was applied to the foreign market sales (Federal-Mogul, 834 F. Supp. at 1397).

The Department has changed its methodology in accordance with the Federal-Mogul decision and has applied the new methodology in the final results of this review. The Department has added to USP the result of multiplying the foreign market tax rate by the price of the merchandise sold in the United States at the same point in the chain of commerce that the foreign market tax was applied to foreign market sales. The Department has also adjusted the USP tax adjustments and the amount of tax included in FMV. These adjustments deduct the portions of the foreign market tax and the USP tax adjustment

that are the result of expenses that are included in the foreign market price used to calculate foreign market tax and are included in the United States merchandise price used to calculate the USP tax adjustment and that are later deducted to calculate FMV and USP. These adjustments to the amount of the foreign market tax and the USP tax adjustment are necessary to prevent our present methodology for calculating the USP tax adjustment from creating antidumping duty margins where no margins would exist if no taxes were levied upon foreign market sales.

This margin-creation effect is due to the fact that the bases for calculating both the amount of tax included in the price of the foreign market merchandise and the amount of the USP tax adjustment include many expenses that are later deducted when calculating USP and FMV. After making these deductions, the amount of tax included in FMV and the USP tax adjustment still reflects the amounts of these expenses. Thus, a margin may be created that is not dependent upon a difference between adjusted USP and FMV, but is the result of differences between the expenses in the United States and the home market that were deducted through adjustments. The Department's policy to avoid the margin-creation effect is in accordance with the United States Court of Appeals' holding that the application of the USP tax adjustment under section 772(d)(1)(C) (19 U.S.C., section 1677a(d)(1)(c)) of the Act should not create an antidumping duty margin if pre-tax FMV does not exceed USP (Zenith Electronics Corp. v. United States, 988 F.2d 1573, 1581 (Fed. Cir. 1993)). In addition, the CIT has specifically held that an adjustment should be made to mitigate the impact of expenses that are deducted from FMV and USP upon the USP tax adjustment and the amount of tax included in FMV (Daewoo Electronics Co., Ltd. v. United States, 760 F. Supp. 200, 208 (CIT, 1991)). However, the mechanics of the Department's adjustments to the USP tax adjustment and the foreign market tax amount as described above are not identical to those suggested in Daewoo.

Comment 3

Petitioners argue that the Department should postpone the final results of this administrative review until the CIT issues its final decision in the remand determination of the investigation of PET film from Korea, which is currently pending before the court (Final Remand Determination Pursuant to Court Remand, E.I. DuPont de Nemours & Co., Inc. v. United States, Court No. 91–07–00487 (December 6, 1993)).

DOC Position

We disagree with petitioners. The Department has a longstanding practice of issuing final results of administrative review in cases where litigation is pending in the court system. Delaying the publication of final results in reviews in which earlier, separate and distinct segments of the proceeding are subject to pending litigation would create an unacceptable backlog of administrative reviews and frustrate efforts to complete reviews on an annual basis.

Comment 4

Petitioners allege that respondents may have improperly avoided suspension of liquidation on quantities of subject merchandise in possible circumvention of the antidumping duty order on PET film from Korea. Petitioners cite an alleged discrepancy between U.S. Customs Service data on antidumping cash deposits collected in 1993 and the total sales value reported by respondents for the POR as evidence that some portion of Korean PET film imports into the United States have not been entered properly. Respondents deny any evasion of antidumping duties on subject merchandise.

DOC Position

We disagree with petitioners that there is any credible evidence that respondents have improperly avoided suspension of liquidation of entries of subject merchandise. We have confirmed that the sales information reported by all respondents in this review closely approximates entry data we have obtained from the U.S. Customs Service. In addition, petitioners' allegation appears to be based upon a clerical error in the Department's preliminary calculations for STC Corporation, which petitioners themselves brought to the Department's attention. We corrected this clerical error in our final calculations which resolves the discrepancy between the U.S. Customs data and the total value of sales reported by respondents for this review.

Company-Specific Comments

Cheil

Comment 5

Petitioners argue that, because Cheil notified the Department that a commercial dispute regarding one U.S. sale of PET film had been resolved which required revisions to respondent's U.S. sales database for that sale, the Department should require respondent to certify that no other reported U.S. sale is now or has been the subject of a commercial dispute. Furthermore, petitioners urge the Department to seek additional information on the one disputed transaction reported to the Department.

Cheil argues that its candor in reporting the disputed transaction to the Department indicates respondent's good faith and should not result in respondent being penalized with burdensome additional reporting requirements.

DOC Position

We agree with Cheil. It made its timely submission to the Department of the revisions for the one disputed U.S. sale without urging from either the Department or petitioners. These data appear complete. Therefore, we see no need to require Cheil to provide any additional information on this transaction or to provide any type of certification that other reported U.S. sales have not been the subject of commercial disputes.

Comment 6

Petitioners argue that the Department improperly included the Korean VAT in Cheil's net home market price before conducting the COP test. Petitioners argue that the Department should have subtracted the VAT from the net home market price prior to the COP test.

Cheil agrees with petitioners that the Department should deduct Korean VAT before conducting the COP test. Additionally, Cheil argues that the Department mistakenly subtracted respondent's home market credit expense and home market packing expense from the reported net home market price. Cheil contends that this distorted the COP test, because the net home market price without packing and credit expense was compared to a COP which included these expenses.

DOC Position

We agree with petitioners and Cheil. Accordingly, we have revised the calculations for Cheil to ensure that, in conducting the COP test, we compared home market prices which did not include Korean VAT, home market credit, and home market packing expenses with COPs which were also net of these expenses.

Comment 7

Petitioners assert that the Department may not have analyzed all of Cheil's U.S. purchase price sales, contending that the number of transactions in the calculations were fewer than Cheil reported. Cheil also contends that the Department's analysis of U.S. purchase price sales may be incomplete.

DOC Position

We agree with petitioners and respondent. We have ensured that our calculations include all of Cheil's purchase price transactions during the POR.

Comment 8

Cheil contends that the Department included direct selling expenses in total general expenses for purposes of calculating constructed value (CV) while deducting direct selling expenses to derive USP. Cheil argues that an adjustment should be made to ensure ''apples-to-apples'' comparisons when calculating FMV based upon CV.

DOC Position

We agree with Cheil that, in cases where we used CV as the basis of comparison, we did not accurately adjust CV to ensure an apples-to-apples comparison. In these final results we have adjusted CV by deducting direct selling expenses to ensure proper comparisons with USP when FMV is based upon CV in accordance with section 773(a)(1) of the Act.

Comment 9

Cheil argues that the Department should deduct home market inventory carrying costs from net home market price calculations because the Department deducted U.S. inventory costs from USP.

DOC Position

We agree with respondent. Because Cheil incurred inventory carrying costs in the home market appropriate for deduction, and the Department had deducted U.S. inventory carrying costs from USP, we have deducted home market inventory carrying costs from the net home market price calculations.

Comment 10

Petitioners argue that Cheil incurred post-sale warehouse expenses for U.S. sales which it did not report. Cheil responds that it has reported all post-sale warehousing expenses and inventory carrying costs which it incurred during the POR.

DOC Position

We agree with Cheil. There is no evidence that there are additional post-sale warehousing expenses or inventory carrying costs which Cheil did not report.

SKC

Comment 11

SKC contends that the Department should offset interest income it earned on sales of PET film pursuant to a written arrangement with Anacomp, Inc. (Anacomp) against imputed credit expenses because the interest income reduces SKC's cost of extending credit to its customers. Citing Certain Hot-Rolled Carbon Steel, Certain Cold-Rolled Carbon Steel Flat Products from Japan, 58 FR 37154 (July 9, 1993) (Certain Hot-Rolled Carbon Steel), SKC asserts that this has been the Department's practice. Petitioners argue that the precedent SKC cites is not relevant to SKC's relationship with Anacomp and that the Department was correct in rejecting SKC's interest income offset.

DOC Position

We believe that the situation in Certain Hot-Rolled Carbon Steel was different from the situation existing between SKC and Anacomp. In Certain Hot-Rolled Carbon Steel the situation involved ''opportunity benefits'' derived from pre-payments, while Anacomp's payments to SKC are deferred. However, we agree with respondent that interest income which SKC received from Anacomp reduces SKC's cost of extending credit to its U.S. customers and should be offset against SKC's U.S. credit expense (see Certain Internal-Combustion, Industrial Forklift Trucks from Japan, 57 FR 3167 (January 28, 1992)(Forklifts from Japan)). Consistent with our practice in Forklifts from Japan, failure to adjust SKC's imputed U.S. credit expense for interest income received from Anacomp would overstate SKC's U.S. credit expense and distort our dumping analysis.

Comment 12

Petitioners argue that SKC's reporting methodology concerning sales to one of its U.S. customers, Anacomp, was incorrect in several respects. First, petitioners assert that SKC reported the wrong date of sale for these sales.

Second, petitioners contend that SKC's sales to Anacomp may not be at arm's-length prices. If these sales are not at arm's-length prices, petitioners argue that respondent reported USP incorrectly.

Third, petitioners assert that SKC's reported imputed credit expense was incorrect because it was based on wrong dates of payment and on an inaccurate short-term borrowing rate. Petitioners argue that the reported payment date is incorrect because of certain invoices on which payment was outstanding. Petitioners argue that, because SKC based its reported short-term borrowing rate in part on the Euro-dollar rate, it is inappropriate for use in calculating U.S. interest expense.

Petitioners also allege that SKC may have inaccurately reported the actual sale price of subject merchandise to Anacomp. Petitioners allege that respondent overstated USP for these sales by calculating USP on rolls of PET film based on nominal weight instead of actual weight.

Finally, petitioners argue that SKC may have classified certain models of PET film sold in the home market as identical which are not truly identical. As evidence for this assertion, petitioners note that certain models of prime- and off-grade film are priced the same.

SKC argues that petitioners' allegations regarding its U.S. sales to Anacomp are unfounded for the following reasons: (1) it reported the proper date of sale for these transactions, (2) it has a commercial, arm's-length relationship with Anacomp, (3) it properly reported credit expenses and interest revenues associated with these sales, (4) it reported accurate, actual prices for these sales, and (5) it correctly identified home market sales of comparable merchandise.

DOC Position:

Regarding the date of sale for Anacomp sales, we disagree with petitioners. It is our long-standing policy for our date-of-sale analysis to set the ''date of sale'' as the date upon which price and quantity terms are established as set forth in our questionnaire instructions (see Certain Forged Steel Crankshafts from the United Kingdom, Final Determination of Sales Below Fair Value, 52 FR 32951 (September 1, 1987)). In the case of purchase agreements or contracts, that date is routinely the date of execution of the sales agreement (see Comment 3 (Date of Sale) in Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, 54 FR 18992 (May 3, 1989)). In this case, the date SKC reported was the first date the basic terms of the sale, such as price and quantity, were determined. Thus, we are satisfied that the date of sale SKC reported is correct and needs no modification.

Regarding SKC's relationship with Anacomp, we disagree with petitioners. There is nothing on the record in this review which indicates any relationship between Anacomp and respondent other than a commercial, arm's-length relationship. Indeed, the agreement between Anacomp and SKC which SKC included in its April 19, 1993, supplemental sales questionnaire response clearly indicates that the

relationship is at arm's-length. Lacking any credible evidence to the contrary, we consider Anacomp to be an unrelated U.S. customer in accordance with section 771(13) of the Act. This section of the Act defines a related party as (1) an agent of the manufacturer, (2) a party which owns or controls interest in the manufacturer, (3) a party which is owned or controlled by the manufacturer, or (4) a party which owns or controls 20 percent or more of the manufacturer. There is nothing on the record which indicates that these conditions apply to the relationship between Anacomp and SKC.

We agree with petitioners that SKC's reported date of payment for unpaid invoices should be changed. SKC reported an arbitrary date as the date of payment for certain invoices in calculating imputed credit expense on U.S. sales to Anacomp. The date which SKC reported as the date of payment was not the actual payment date for these sales because these sales had still not been paid. The dates of payment SKC reported for these sales were the last dates of payment on the record prior to responding to our supplemental questionnaire. Because these data were incomplete, we have determined for these final results, in accordance with section 776(c) of the Act, that the application of best information available to the payment date of these sales is warranted. Based upon the record in this review, we have identified the date we received SKC's response to our supplemental questionnaire, April 19, 1993, as the last day we can determine with any certainty that these sales were still unpaid. Therefore, we have used SKC's supplemental questionnaire response date as the date of payment for these sales (see Brass Sheet and Strip from Sweden, Final Results of Antidumping Review, 60 FR 3617, 3620–21, Comment 4 (January 18, 1995)).

We disagree with petitioners' allegation that SKC's reported short-term interest rate for sales to Anacomp was incorrect. The loans SKC classified as ''Eurodollar loans'' used to calculate its short-term borrowing rate were short-term loans from U.S. banks denominated in U.S. dollars, the interest rate of which is set by the bank using the Eurodollar market as a benchmark. In essence, therefore, these loans are U.S. loans from a U.S. bank used to finance U.S. operations. Thus, we do not believe that they are distortive of short-term borrowing rates in the United States.

Regarding the sale price of merchandise SKC sold to Anacomp, we disagree with petitioners. There is no evidence on the record to support petitioners' allegation that SKC's reported prices on sales to Anacomp may be overstated based on the formula used to determine the weight of particular rolls of PET film. Petitioners' calculations purporting an inaccurate weight for certain rolls of subject merchandise are apparently based upon incorrect roll lengths. Once the proper roll lengths are substituted for the inaccurate lengths, the petitioners' alleged discrepancy disappears. In addition, petitioners' allegation that SKC sold film to Anacomp at widths different from those reported to the Department is without any supporting evidence.

We disagree with petitioners on the identification of identical merchandise sold in the home market. Petitioners' argument that respondent sold off-specification PET film to home market customers as prime-grade film is without any supporting evidence on the record of this review. Although petitioners cite as evidence that the price of one particular prime-grade film is the same as the price of a certain off-grade film, the Department finds this comparison to be meaningless unless one takes into consideration the relative thickness of the film in question. In general, the thinner the film, whether prime- or off-grade, the more expensive it is. The two models of film petitioners used in their argument are not of comparable thickness. When films of comparable thickness are compared, SKC's price for prime-grade film is significantly higher than its price for off-grade film.

Comment 13

Petitioners argue that SKC's reported costs for producing subject merchandise are not reliable. Petitioners contend that respondent incorrectly used product-specific costs instead of the average costs in SKC's own cost accounting system. Petitioners urge the Department to reject SKC's reported product-specific costs and use average costs until the Department is able to verify the accuracy of the reported product-specific costs.

SKC argues that its reported costs are accurate and it has not changed its cost methodology since the Department verified its COP data in the original LTFV investigation.

DOC Position

We disagree with petitioners. SKC's normal cost accounting system calculates a single, average COP for all models of PET film. SKC derived the reported product-specific costs in order to comply with the Department's instructions in the COP/CV questionnaire. When petitioners challenged the Department's acceptance in the LTFV investigation of SKC's cost methodology before the CIT, the Department explained its acceptance of respondent's methodology, stating that ''there is no basis to doubt the reliability of SKC's product specific cost accounting methodology'' (Defendant's Memorandum In Opposition to Plaintiffs' Motion for Judgement Upon the Administrative Record, April 2, 1992, at 58, *E.I. DuPont de Nemours & Co., Inc.* v. *United States*, Court No. 91–07–00487). Moreover, petitioners' contention that the Department must verify respondent's cost data is erroneous. The Department determined, pursuant to 19 C.F.R. section 353.36(a)(v), that no verification of SKC was necessary in this present administrative review because SKC was verified in the original investigation. Furthermore, we considered the following factors in evaluating SKC's costing methodology: (1) SKC's methodology is unchanged from the original investigation, (2) the Department thoroughly verified the accuracy of SKC's information in the original investigation, and (3) there is no evidence on the record of this review which would indicate that SKC's reported product-specific costs are inaccurate. Thus, we have accepted SKC's product-specific costs.

Comment 14

Petitioners argue that SKC's cost methodology undervalues the costs of off-specification PET film. Petitioners assert that SKC has manipulated the allocation of materials cost for PET film in such a way that assigns a lower cost for off-grade film than for prime-grade film. They argue that such manipulation of costs contravenes the Federal Circuit's decision in *Ipsco Appeal*, which reversed a lower court ruling requiring the Department to allocate shared processing costs between prime and off-grade merchandise based on the relative sales value. Petitioners contend that the Federal Circuit ruling means that the costs for prime and off-grade PET film must be the same. As evidence for the allegation of SKC's manipulation of costs, petitioners allege that SKC's cost of one particular model of off-grade PET film is lower than the average cost of manufacture for all types of film, whether prime- or off-grade.

SKC argues that it has applied a cost methodology that assigns equal costs to the prime- and off-grade PET film in accordance with the *Ipsco Appeal*.

DOC Position

We disagree with petitioners. SKC changed its cost methodology for purposes of this administrative review, reportedly to conform to the Federal Circuit's ruling in the *Ipsco Appeal*. Evidence on the record indicates that SKC properly reported the full cost of manufacturing off-grade PET film without any allocation of costs between prime- and off-grade PET film.

According to its questionnaire response, SKC does not allocate shared processing costs between prime- and off-grade film at any point. Petitioners' example of one model of off-grade film is not helpful because there are numerous models of prime- and off-grade film which SKC sold during the POR. Due to the numerous models of PET film SKC sold of both grades, other models exist with costs above the average, as well as models with costs below the average. Thus, we believe that SKC's one off-grade film model with costs below the average cited by petitioners is not indicative of SKC's undervaluation of other off-grade film models. Therefore, we have accepted SKC's cost methodology.

Comment 15

SKC contends that the Department erred in deducting direct U.S. selling expenses directly from USP on exporter's sale price (ESP) sales. Respondent argues that the Department should treat these expenses as circumstance-of-sale adjustments to the FMV, citing *Koyo Seiko Co.* v. *United States*, 819 F. Supp. 1096 (CIT 1993), *NTN Bearing Corp. of America* v. *United States*, 747 F. Supp. 726 (CIT 1990), and *Timken Co.* v. *United States*, 673 F. Supp. 495 (CIT 1987).

DOC Position

We disagree with SKC. Our deduction of direct selling expenses from USP in an ESP situation is consistent with our longstanding administrative practice, is in accordance with section 353.41(e)(2) of our regulations, and has been upheld by the Court of Appeals for the Federal Circuit in *Koyo Seiko Co., Ltd.* v. *United States*, 36 F. 3d 1565 (Fed. Cir. 1994) (Koyo Seiko).

Comment 16

SKC argues that the Department made several clerical errors in the difference-in-merchandise adjustment and model match sections of the calculations.

DOC Position

The Department agrees with SKC's allegations and has revised the calculations accordingly for the final results of review.

Comment 17

SKC argues that the Department improperly compared a COP which includes home market packing and interest expenses to home market sales prices which were net of these expenses.

DOC Position

We agree with respondent and have revised our calculations accordingly.

Comment 18

SKC comments that the Department failed to subtract U.S. movement costs, packing, and selling expenses from the calculation of profit for further-manufactured sales. According to SKC, this failure resulted in overstated total profit and profit attributable to further manufacturing.

DOC Position

We agree with respondent and have revised our calculations accordingly.

Comment 19

SKC argues that the Department failed to adjust CV for direct and indirect selling expenses, imputed credit, and commissions.

DOC Position

We agree with respondent and have adjusted the calculations accordingly.

Kolon

Comment 20

Petitioners argue that the Department's methodology failed to capture all costs associated with Kolon's inventory carrying costs and warehousing costs for ESP sales. Petitioners allege that Kolon's reported inventory carrying costs and warehousing costs are not accurate, due, in part, to an improper accounting of these costs associated with merchandise which entered the United States prior to the POR. Petitioners also allege that Kolon did not report warehousing expense and inventory carrying costs for some ESP sales. Kolon counters that its reported inventory and warehousing cost figures accurately capture all costs associated with its ESP sales.

DOC Position

We disagree with petitioner. Kolon reported inventory carrying costs and warehousing costs based on the total costs its U.S. subsidiary incurred during the POR. Kolon reported these costs based on POR expenses and allocated the total POR expenses over the total value of sales during the POR. Because Kolon based its methodology on the total expenses and invoices during the POR, its calculations were not affected by the inclusion or exclusion of merchandise that entered the United States prior to the POR.

Comment 21

Petitioners argue that Kolon should have reported warehousing costs for certain ESP sales as direct selling expenses instead of labeling them as indirect selling expenses. Petitioners maintain that Kolon incurred ''after-sale'' warehousing expenses on those ESP sales where the date of sale preceded the date of shipment. Kolon argues that it properly reported its warehousing expenses as indirect selling expenses because it did not necessarily incur post-sale warehousing expenses on these types of sales and it could not link directly any additional warehousing costs to specific sales.

DOC Position

We disagree with petitioners. Petitioners have not demonstrated that Kolon incurred post-sale warehousing expenses for ESP sales whose date of sale preceded the date of shipment. In addition, Kolon maintained a general inventory during the POR. Therefore, in cases where Kolon stored subject merchandise in public warehouses, its warehousing costs were fixed and could not be identified with specific sales or invoices. We are satisfied that Kolon reported these expenses properly as indirect selling expenses.

Comment 22

Petitioners maintain that the Department may have used a database with the incorrect number of Kolon's home market sales during the POR.

DOC Position

We agree with petitioners. We have ensured that our calculations for Kolon rely on the correct number of transactions.

Comment 23

Petitioners argue that the Department incorrectly performed its sales-below-cost test by comparing the COP for each model of PET film which excluded VAT to a net home market sales price which included VAT.

Kolon agrees with petitioners and also maintains that the Department incorrectly subtracted home market credit expense from the home market price prior to the COP test.

DOC Position

We agree with petitioners and Kolon. We have revised our calculations accordingly.

Comment 24

Petitioners argue that Kolon impermissibly, and without the consent of the Department, limited its reported home market sales to only those which it claimed were identical to U.S. sales. Petitioners argue that this contravenes the Department's questionnaire instructions and interferes with the Department's ability to conduct its own product comparisons.

Kolon argues that it consulted with Department officials with regard to reporting only identical home market sales and received permission to do so. Kolon also notes that the revised home market sales listing it submitted to the Department included both identical and similar merchandise.

DOC Position

We disagree with petitioners. The questionnaire instructions in this review stated clearly that respondents may not be required to report all home market sales if they made contemporaneous sales of identical merchandise in the home market during the POR. Kolon properly requested permission from the Department to report only home market sales of identical merchandise, and the Department granted permission to do so in a letter dated July 15, 1993. Furthermore, petitioners' arguments ignore the fact that the Department ultimately required respondent to revise the submitted home market database to include all home market sales of identical and similar merchandise.

Comment 25

Petitioners argue that the Department erroneously accepted Kolon's reported eight percent statutory minimum profit for purposes of calculating CV. Petitioners maintain that Kolon's profit percentage was higher than the statutory minimum and that the Department should use petitioners' estimate of Kolon's profit as best information available (BIA).

Kolon argues that it properly reported the statutory eight percent profit in accordance with the Department's regulations because its profit listed on its audited financial statements, and verified by the Department, was less than eight percent.

DOC Position

We disagree with petitioners. During verification of respondent's COP/CV data in Korea, we checked that Kolon had properly reported the statutory minimum for profit, in accordance with section 773(e)(1)(B)(ii) of the Act and 19 CFR 353.50(a)(2), given the company's records on profit from sales of subject merchandise. We believe that petitioners' assertion that Kolon's profit is higher than the statutory minimum is based on insufficient evidence.

Furthermore, Kolon had contemporaneous home market matches for all of its U.S. sales during the POR and none of Kolon's home market sales were found to have been made below the COP. Thus, in our analysis of respondent's response, there was no need to use CV (see section 773(b)(2) of the Act).

Comment 26

Petitioners argue that Kolon reported its direct and indirect selling expenses for CV/COP in a manner contradictory to the provisions of 19 CFR 353.50. Petitioners maintain that Kolon's reporting of average home market selling expenses does not conform to the regulation's requirement that such information be based on the selling expenses for the class or kind of subject merchandise sold in the home market.

Kolon argues that it complied with the Department's regulations by basing its reported selling expenses on the home market sales of each model of PET film sold during the POR.

DOC Position

We disagree with petitioners. The section of the Department's regulations petitioners cite states that CV shall include general expenses ''. . . *usually* reflected in the sales of merchandise of the same class or kind . . .'' (emphasis added). See 19 CFR 353.50(a)(2). It is clear that the wording of this regulatory provision leaves some discretion to the Department in determining whether a respondent's reported selling expenses for CV are reasonable. Based upon a successful and thorough verification of Kolon's selling expenses in Korea, we are satisfied that the general, selling, and administrative expenses reflect the expenses for the class or kind of merchandise.

Moreover, we note that this section of the regulations pertains only to CV, not COP. The questionnaire instructions in this review clearly indicated that selling expenses reported for COP should be based on the actual expenses for each model of subject merchandise.

Finally, Kolon based its reported selling expense for each sale on the average expense rate of the home market sales departments involved in the sales. Thus, we are satisfied that the selling expenses Kolon reported represent average expenses for all home market sales of subject merchandise.

Comment 27

Petitioners argue that the Department should reexamine Kolon's characterization and reporting of U.S. sample sales. Petitioners allege that Kolon has not demonstrated that samples it gave to U.S. customers free of charge are properly exempted from being reported in the U.S. sales listings. Petitioners also questioned the appropriateness of Kolon's reporting the cost of free samples as indirect selling expenses.

Kolon argues that its treatment of sample sales was consistent with past Department practice and that it properly excluded samples it gave to U.S. customers at no charge from its sales listing, and included their costs in Kolon's reported indirect selling expenses in accordance with Departmental practice set forth in Granular Polytetrafluroethylene Resin from Japan, 58 FR 50343, 50345 (September 27, 1993) (Granular PTFE from Japan).

DOC Position

We agree with petitioners. As set forth in Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et. al; Final Results of Antidumping Duty Administrative Reviews, Partial Termination of Administrative Reviews, and Revocation in Part of Antidumping Duty Orders, 60 FR 10900 (February 28, 1995), there is neither a statutory nor a regulatory basis for excluding any U.S. sales from review. The statute requires the Department to analyze all U.S. sales within the POR (see 19 U.S.C. 1675(a)(2)(A)).

The Department does, however, have the authority to omit certain zero-price samples from our analysis if it can be determined that these samples were not used for commercial consumption (see Granular PTFE from Japan). We believe that Granular PTFE from Japan is not applicable in this case. In that case the sample goods were provided for testing. Due to the nature of the product, once tested, the sample could not be returned. Although a transfer of ownership had occurred, the product had not been used for commercial consumption, and thus could not be said to have been ''sold.'' In this case, there is no evidence on the record that Kolon's U.S. samples are destroyed or rendered unusable, as in Granular PTFE from Japan. In addition, based upon the evidence on the record, we are not convinced that these zero-priced samples were commercially insignificant. Accordingly, we have deducted the cost of these samples from Kolon's indirect selling expenses and included the sample rates in our analysis for the final results of review (see also Tapered Roller Bearings, Four

Inches or Less in Diameter, and Components Thereof from Japan, 59 FR 56035).

Comment 28

Petitioners note a typographical error in the Department's computer program which affected the calculation of Kolon's COP for home market sales. Petitioners note clerical errors in the computer program for Kolon's ESP sales. As a result, petitioners assert that the Department did not analyze a small number of respondent's ESP sales properly and the Department did not deduct Kolon's export selling expenses from USP. Finally, Kolon notes that the Department used the incorrect variable for interest expense in calculating CV.

DOC Position

We agree with petitioners and Kolon. The variable name for Kolon's total cost of manufacture in our purchase price computer program should be ''TOTCOM'' instead of ''OTCOM.'' We have corrected this typographical error for these final results. We have also corrected the ESP calculations and ensured that all of Kolon's ESP sales were analyzed for the final results of review. Finally, we have revised our calculations using Kolon's correct interest expense variable in calculating CV.

STC

Comment 29

STC argues that the Department should exclude U.S. sales of damaged, obsolete and B-grade merchandise from its margin analysis because they are unrepresentative of STC's usual PET film sales and arbitrarily distort the margin analysis.

In support of its claim that the Department should exclude one sale of damaged merchandise from analysis, STC cites past Department practice where sales of secondary quality, scrap, or damaged merchandise have been excluded from the margin analysis. STC also notes that the Department determined, at verification, that STC's sale of damaged film was aberrant in nature. Alternatively, STC argues the Department should exclude this sale as outside the scope of the antidumping duty order, because the film was damaged in transit and entered into the United States as PET film scrap, and not as A-grade film subject to the antidumping duty order. STC also argues that if the Department does not exclude the sale from the scope of the order or from its analysis, the Department should adjust expenses upward to reflect insurance reimbursement for in-transit damage. In addition, STC argues that the damaged film should not be compared to CV, as was done in the preliminary results, but instead to the home market model which is identical in all respects except for the damage.

Similarly, STC maintains that the Department should exclude STC's U.S. sale of obsolete merchandise from its margin analysis. STC claims that because this pre-production lot of PET film had quality problems and was, as a result, warehoused for three years, STC was ultimately forced to sell this film as scrap. Accordingly, STC argues that this sale is unrepresentative of its sales in the United States. STC also notes that this sale in the United States constituted only a small percentage of its U.S. sales and cites previous Department practice where sales which account for a very small percentage of U.S. sales by volume have been disregarded. Alternatively, STC argues that the Department should exclude this sale because this merchandise entered the United States before the antidumping duty order went into effect.

Finally, STC argues that its three U.S. sales of B-grade film should also be excluded from the margin analysis for several reasons: (1) they constitute only a small percentage of STC's total sales (excluding value-added sales); (2) B-grade film is not normally sold in the U.S. market; and (3) these sales were made only at the customers' request.

DOC Position

We disagree with STC. There is no provision in the antidumping statute or regulations which provides for the exclusion of sales when determining dumping margins. The CIT, in *IPSCO* v. *United States*, 687 F. Supp. 633, 640 (CIT 1988), stated that ''. . . if Congress intended to require the administering authority to exclude all sales made outside the 'ordinary course of trade' from its determination of the United States price it could have provided for such an exclusion in the definition of United States price, as it has in the definition of foreign market value. It has not done so.''

Additionally, it is longstanding Department practice to include all U.S. sales in its dumping calculations except in instances where title does not transfer or in the case of statistical sampling (see Color Television Receivers from the Republic of Korea, 58 FR 50333 (1993)).

We also disagree with STC's request that, in the event we do not exclude the sale of damaged film, we adjust its USP to reflect insurance reimbursement. The antidumping statute clearly permits additions to USP in only four instances, none of which apply to the insurance reimbursement additions sought by STC (see section 772(d)(1) of the Act). These four instances set forth in the statute allow additions to USP for U.S. packing/shipping expenses, rebated or uncollected import duties, rebated or uncollected taxes, and countervailing duties imposed on the merchandise. The Department has a consistent practice of strictly interpreting these provisions and denying requests for upward adjustments to USP (see Oil Country Tubular Goods from Israel, 52 FR 1511 (1987)).

Finally, we disagree with STC's assertion that the sale of obsolete films should not be included in our dumping analysis because the merchandise entered prior to the POR. In accordance with our questionnaire instructions and longstanding practice, the Department bases its ESP calculations on sales of subject merchandise, regardless of entry date. The sale in question occurred in May 1992, during the POR. In addition, there is nothing on the record which proves that this sale entered before the effective date of the antidumping duty order or as anything other than PET film. Therefore, we have included this sale in our dumping analysis.

Comment 30

STC claims that the Department substantially overstated STC's COP and CV. First, STC claims that the Department failed to revise STC's 1992 fixed overhead costs based on verified data. According to STC, this revision was necessary due to the result of a change in the method by which STC computed depreciation. STC explains that, in 1992, it switched from an accelerated (*i.e.*, declining balance) to a straight-line method of depreciation. Although documentation supporting this change was included in STC's COP questionnaire response, STC acknowledges that it failed to report its fixed overhead costs using the straight-line method. STC argues that it identified this clerical error and the Department verified it on the first day of verification.

Second, STC argues that the Department's decision to adjust labor cannot be reconciled with the evidence it verified. STC claims that the Department successfully verified the completeness and accuracy of STC's reporting and allocation of labor expenses incurred by a wholly-owned subsidiary in the production of PET film. However, STC asserts, the Department readjusted reported labor costs to include labor costs actually reported in STC's general ledger in the preliminary results with no explanation.

STC requests that the Department use STC's labor costs as reported in its questionnaire response in its calculations without adjustment.

DOC Position

We agree with STC concerning its revisions to STC's reported fixed overhead costs. STC submitted corrected data at the beginning of verification for its reported fixed overhead costs resulting from STC's change in methodology in calculating its depreciation costs from a declining balance to a straight-line method in 1992. Accordingly, we have revised our calculations to include the correct amount for depreciation costs in our calculations.

We disagree with STC concerning our decision to adjust STC's reported labor costs. STC's wholly-owned subsidiary produces only PET film subject to this review. We verified that labor expenses were incurred by the subsidiary. However, in its questionnaire response, STC allocated a portion of these expenses away from the production of PET film, claiming that some of the subsidiary's workers performed other work for STC. We could not verify that any of these allocated labor expenses were billed by the subsidiary to STC. Nor could we verify that any of the subsidiary's laborers performed production tasks for STC. We used the labor expenses as incurred by the subsidiary and recorded in its financial statements. Therefore, we used in our calculations only those labor costs we were able to verify.

Comment 31

STC argues that the Department's test for sales made at prices below the COP is fundamentally flawed. First, STC claims that, in accordance with the Department's practice and judicial precedent, the Department should have allowed an adjustment for start-up costs. STC cites previous Departmental practice in Fresh Kiwifruit from New Zealand; Preliminary Results of Antidumping Administrative Review, 59 FR 23691 (May 6, 1994) (Kiwifruit), where the Department accounted for start-up costs because they were justified, supported, and quantified. STC disputes the Department's decision in the preliminary results of review to deny this adjustment because these costs were not actually reflected in STC's financial records. STC notes that cost data reported to the Department often differs from the type of data maintained in the ordinary course of trade, citing product-specific, as opposed to average costs and adjustments, for imputed credit costs as examples. STC also notes that its start-up cost allocation is consistent with GAAP in that only costs incurred above expected per unit overhead costs were capitalized up to the point that STC was able to reach its normal production volume. Finally, STC notes the Department's past practice, which has been upheld by the courts, of amortizing start-up costs even where the respondent companies have expensed their pre-production costs.

STC also argues that the Department's decision to apply its standard test for sales made at below-cost prices for an extended period of time is arbitrary and unjustified in light of STC's protracted start-up difficulties. STC claims its only option was to sell at the prevailing market price despite its high start-up costs until its costs decreased and sales increased to a point where it could recover earlier start-up costs. STC maintains that using the Department's standard measure for an extended period of time in a competitive market is patently unfair to new entrants, particularly to one facing the unusual circumstances that confronted STC.

Finally, STC argues that the Department failed to consider whether STC could recover all costs of production over a ''reasonable period of time,'' in spite of recent court decisions requiring the Department to consider factors such as: (1) How far below cost the sales are; (2) how much, if at all, costs of production are expected to decline; (3) the period of time over which they are expected to decline; and (4) the reasons why, based on record evidence, these costs will not be recovered over time. In light of STC's claim that it expects to recover all of its costs within one year, STC urges the Department to reconsider its determination in the preliminary results and allow STC an adjustment to COP for start-up costs.

DOC Position

We disagree that an adjustment for STC's start-up costs must be allowed for the final results and believe that STC's cite in its comments to the preliminary results in Kiwifruit is misplaced. In the case of Kiwifruit we adjusted for set-up rather than start-up costs. The set-up cost adjustment accounted for the historical development cost of the kiwifruit orchard which had been expensed as incurred. We captured these costs so that they could be properly amortized over the productive life of the orchard. Adjusting for start-up costs refers to capitalizing excessive current costs and amortizing them over future production. Further, STC's cites to judicial precedent do not refer to start-up costs, specifically, but to the basis of certain adjustments. In addition, STC's reported start-up costs could not be documented by actual company records because the calculations for these costs were based upon a theoretical one-hundred percent capacity utilization rate. Therefore, we have not accepted STC's claim for a start-up cost adjustment.

With regard to our test for sales made below cost for an extended period of time, we disagree with STC. It is our longstanding practice to define an extended period of time as three months. However, due to a clerical error, the number of months in our preliminary calculations was incorrect. For the final results, we have corrected the test to consider three months to be an extended period of time, as is our standard practice.

We also disagree with STC's assertion that, because STC maintains that it will recover all costs within one year, the Department should include home market sales of subject merchandise found to have been made below the COP. The CIT, in Toho Titanium v. United States, 670 F. Supp. 1019, 1021 (1987), clearly stated that the Department must be able to demonstrate that the prices which are below cost during the POR are at such a level that those prices would permit not only sufficient revenue to cover future costs, but also exceed future costs to a degree which permits the recovery of past losses. The simple line graphs STC submitted in its questionnaire response, purporting to show increasing capacity utilization and decreasing costs, are not adequate in detail or documentation to make a definite conclusion which satisfies the statute. In addition, we were unable to test the validity of the charts STC submitted, because STC did not clarity the assumptions on which the graphs were based. This evidence does not justify including STC's below-cost sales in our dumping analysis. Therefore, we excluded STC's below-cost sales for the final results of review.

Comment 32

STC argues that the Department must apply the provisional measures deposit cap and, if STC's dumping margin is greater than the cash deposit or bond rate for entries between the Department's preliminary and final determinations in the LTFV investigation, the Department must instruct the Customs Service to disregard the difference.

DOC Position

We agree. Although we changed our policy concerning the provisional

measures deposit cap in October 1992 to apply only to cash deposits associated with antidumping duty orders, our policy affected only those entries which were subject to a preliminary determination of sales-at-less-than-fair-value published after July 29, 1991. Therefore, because the preliminary determination in this case was published on November 30, 1990, and in accordance with 19 CFR 353.23, if the cash deposit or bond required between the affirmative preliminary and final determination is different from the dumping margin in the administrative review, we will instruct the Customs Service to disregard the difference to the extent that the cash deposit or bond is less than the dumping margin, and to assess antidumping duties equal to the dumping margin calculated in this administrative review if the cash deposit or bond is more than the dumping margin for entries during the period between the preliminary and final determination in the original investigation.

Comment 33

STC argues that the Department should adhere to the court's numerous rulings and add U.S. direct selling expenses to FMV, not deduct U.S. direct selling expenses from USP, as was done in the preliminary results of review.

DOC Position

We disagree with respondent. See our response to Comment 15.

Comment 34

Petitioners argue that the Department overstated the value of U.S. sales for STC's further-processed imports which results in an understatement of the percentage margin of dumping as published in the preliminary results.

DOC Position

We agree. The overstatement of the value for further-manufactured sales was due to an improper conversion which we have corrected for the final results. See our response to Comment 42 for further information on this conversion error.

Comment 35

STC argues that the Department should not have subtracted imputed expenses in conducting its COP test. STC, citing previous Department practice, claims that the Department's test for calculating sales made at prices below COP does not typically subtract imputed expenses, such as credit expenses, in conducting its sales-below-cost comparison of home market sales and cost of production.

DOC Position

We agree and have conducted the COP test without subtracting imputed expenses for the final results of review (see Color Television Receivers from Taiwan; Final Results of Administrative Review, 56 FR 65218 (December 16, 1991)).

Comment 36

STC argues that the Department understated STC's actual home market credit expenses by assigning a much shorter average period for outstanding credit than that which STC experienced and by using an artificially low home market interest rate. STC requests that the Department use the payment periods it reported in the questionnaire response.

DOC Position

We disagree with STC. Although STC claimed, in its November 3, 1992, questionnaire response, that it provided a longer credit period to unrelated end-users in the home market of subject merchandise, we determined at the home market sales verification that the actual credit period was significantly shorter (see Verification Report of the Questionnaire Responses of STC Corporation in the First Antidumping Administrative Review of Polyethylene Terephthalate (PET) Film from the Republic of Korea, at 10–11 (April 21, 1994) (STC Verification Report)). We verified the shorter credit period by tracing home market sales. Accordingly, we adjusted our calculations to reflect this actual, shorter credit period.

In addition, STC claimed a higher home market interest rate than we were able to document during our home market sales verification. STC company officials claimed that the higher rate reflected the added expense of its lenders' requirements that STC borrow compensatory funds deposited at a zero or low rate of interest. However, because STC was unable to provide documentation during verification on the calculation method it used to arrive at the higher interest rate, we used in our calculations the actual interest rates we were able to verify (see STC Verification Report at 10–11).

Comment 37

STC claims that the Department did not use the corrected figures for average days in inventory in its calculations of STC's home market inventory carrying expense which STC provided to the Department during the home market sales verification in Korea.

DOC Position

We agree with respondent. Accordingly, we have revised our calculations for the final results of review to include the correct home market inventory carrying costs.

Comment 38

STC argues that the Department did not adjust the home market price for indirect selling expenses incurred in the home market. STC asserts that, because further-manufactured sales are ESP sales, the Department should make an offset to FMV for STC's home market indirect selling expenses up to the amount of STC's U.S. indirect selling expenses and commissions on STC's further-manufactured sales as well as regular ESP sales.

DOC Position

We agree with respondent that we should have allowed an ESP offset to FMV for U.S. further-manufactured sales (see Certain Internal-Combustion Forklift Trucks from Japan, 53 FR 12552 (April 15, 1988)) and we have revised our calculations accordingly.

Comment 39

STC argues that the Department mistakenly did not subtract credit expenses from FMV when based on CV. STC argues that the Department should correct this oversight by deducting credit expenses from CV.

DOC Position

We disagree with STC. Even though STC did report credit expenses separately from its reported total CV in answering the questionnaire response, we did not include these expenses in our calculation of CV. Therefore, no adjustments to CV are necessary for the final results of this review.

Comment 40

STC requests that the Department correct the following clerical errors: (1) STC asserts that the Department neglected to convert STC's FMV from a per-kilogram to a per-pound basis for comparisons to its purchase price sales, (2) STC discovered, and presented during verification, that its duty drawback figures should have been higher than previously reported in its U.S. sales listing and requested that the Department use the revised duty drawback figures in its analysis, (3) STC argues that the Department neglected to use the correct interest rate when calculating its U.S. subsidiary's (STCA) interest expense (STC claims that the Department used the old reported rate and did not use the revised rate presented by STC during verification),

and (4) STC maintains that the Department used STC's erroneously reported pre-sale warehousing expense instead of the correct expense. STC acknowledged that it originally reported a pre-sale warehousing expense which was incorrect by one decimal space.

DOC Position

We agree that clerical errors were made in all four instances and have revised our calculations accordingly.

Comment 41

STC asserts that the Department inappropriately treated STCA's pre-sale U.S. warehousing expenses as a direct selling expense. Because these expenses are incurred prior to the sale of the merchandise to unrelated parties and cannot be linked to any particular sale, STC maintains that they should be treated as indirect expenses.

DOC Position

We agree with STC. Because these expenses were incurred prior to STC's sale of the merchandise and cannot be directly linked to individual sales, we have treated STCA's pre-sale U.S. warehousing expense as indirect selling expenses for the final results of review.

Comment 42

STC argues that the Department incorrectly calculated the net price for STC's further-manufactured sales by neglecting to apply the value-added ratio to the net USP and U.S. price adjustments. STC claims that, in calculating the net USP for further-manufactured sales, the Department failed to convert USP and U.S. price adjustments from a per-roll basis to a per-PET film pound equivalent basis. In addition, STC asserts that the Department subtracted the entire profit amount from the price of the further-manufactured sales, instead of only that portion of profit attributable to the further-manufacturing process. Finally, STC argues that the Department neglected to add duty drawback to USP for further manufactured sales. STC requests that the Department modify its calculations accordingly.

DOC Position

We agree with STC. We have applied the value-added ratio to net USP and to the U.S. price adjustments for further-manufactured sales of subject merchandise. We also included calculations to convert net USP for further-manufactured sales and U.S. price adjustments to a per-pound basis. We also recalculated profit and deducted only that portion attributable to the further-manufacturing process. Finally, we added duty drawback to USP for the final results of review.

Final Results of Review

Upon review of the comments submitted, the Department has determined that the following margins exist for the periods indicated:

Manufacturer/exporter	Percent margin
November 30, 1990 through May 31, 1992:	
SKC Limited	0.80
Kolon Industries	0.94
STC Corporation	16.87
April 22, 1991 through May 31, 1992:	
Cheil Synthetics	0.06

The Customs Service shall assess antidumping duties on all appropriate entries. Individual differences between USP and FMV may vary from the percentages stated above. The Department will issue appraisement instructions concerning each respondent directly to the U.S. Customs Service.

Furthermore, the following deposit requirements will be effective for all shipments of the subject merchandise, entered, or withdrawn from warehouse, for consumption on or after the publication date of these final results of administrative review, as provided for by section 751(a)(1) of the Tariff Act: (1) The cash deposit rate for the reviewed firms will be the rates outlined above, except for Cheil, which, because its weighted-average margin is *de minimis*, the cash deposit rate will be zero percent; (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 in 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 (4) 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 4.82%, the all others rate established in the LTFV investigation.

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

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

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Timely written notification or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of the APO is a sanctionable violation.

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

Dated: August 10, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 95–20436 Filed 8–16–95; 8:45 am]

BILLING CODE 3510–DS–P

[A–475–059]

Pressure Sensitive Plastic Tape from Italy; Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Notice of Preliminary Results of Antidumping Duty Administrative Review.

SUMMARY: The Department of Commerce (the Department) has conducted an administrative review of the antidumping duty order on pressure sensitive plastic tape from Italy. The review covers 2 manufacturers/exporters of the subject merchandise shipped to the United States during the period October 1, 1993, through September 30, 1994.

We have preliminarily determined that sales have been made below the foreign market value (FMV). If the preliminary results are adopted in our final results of administrative review, we will instruct U.S. Customs to assess antidumping duties equal to the difference between United States price (USP) and the FMV.

Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: August 17, 1995.