Notices

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This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–832]

Pure Magnesium from the People's Republic of China (PRC): Initiation of New Shipper Antidumping Duty Administrative Review

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

SUMMARY: The Department of Commerce (the Department) has received a request to conduct a new shipper administrative review of the antidumping duty order on pure magnesium from the PRC. In accordance with 19 CFR 353.22(h), we are initiating this administrative review.

EFFECTIVE DATE: December 31, 1996.

FOR FURTHER INFORMATION CONTACT: Everett Kelly or Dorothy Tomaszewski, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–4194 or 482–0631, respectively.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

SUPPLEMENTARY INFORMATION:

Background

The Department has received a timely request from Taiyuan Heavy Machinery Import and Export Corporation (Taiyuan), in accordance with interim regulation 19 CFR 353.22(h) (1995), for a new shipper review of the antidumping duty order on pure magnesium from the PRC which has a May anniversary date. Taiyuan has certified that it did not export pure magnesium to the U.S. during the period of investigation (POI), and that it is not affiliated with any exporter or producer which did export pure magnesium during the POI. This certification is in accordance with section 751(a)(2)(B)) of the Tariff Act of 1930 as amended, and the Department's interim regulations, 19 CFR 353.22(h). Therefore, we are initiating the new shipper review as requested. However, it is the Department's usual practice with non-market economies to require information regarding *de Jure* and *de facto* government control over a company's export activities to establish its eligibility for an antidumping duty rate separate from the country-wide rate. Accordingly we will issue a separate rates questionnaire to Taiyuan and seek additional information from the PRC government (as appropriate), allowing 30 days for response. If the responses from Taiyuan and the PRC government indicate adequately that Taiyuan is not subject to either *de Jure* or *de facto* government control with respect to its exports of pure magnesium, the review will proceed. If, on the other hand, Taiyuan does not demonstrate its eligibility for a separate rate, Taiyuan will be deemed to be affiliated with other companies that exported during the POI that did not establish their entitlement to a separate rate, and the review will be terminated.

Initiation of Review

In accordance with section 751(a)(2)(B)(ii) of the Act and 19 CFR 353.22(h)(6), we are initiating a new shipper review of the antidumping duty order on pure magnesium from the PRC. We intend to issue the final results of review not later than 270 days from the date of publication of this notice.

Antidumping Duty Proceeding	Period to be Reviewed
PRC: Pure Magnesium, A-570–832:	
Taiyuan Heavy Machinery Import and Export	05/01/96–10/31/96

Upon an affirmative separate rates determination, we will instruct the U.S. Customs Service to allow, at the option of the importer, the posting, until the completion of the review, of a bond or security in lieu of a cash deposit for each entry of the merchandise exported by the above listed companies, in accordance with 19 CFR 353.22(h)(4).

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 353.34(b).

This initiation and this notice are in accordance with section 751(a) of the Act (19 U.S.C. 1675(a)) and 19 CFR 353.22(h).

Dated: December 20, 1996.

Jeffrey P. Bialos,

Principal Deputy Assistant Secretary, Import Administration.

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[A–489–501]

Notice of Final Results of Antidumping Duty Administrative Review: Certain Welded Carbon Steel Pipe and Tube From Turkey

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

SUMMARY: On July 5, 1996, the Department of Commerce published the preliminary results of its administrative review of the antidumping duty order on certain welded carbon steel pipe and tube from Turkey. The review covers shipments of this merchandise to the United States during the period May 1, 1994, through April 30, 1995.

Based on our analysis of the comments received, the correction of certain clerical and computer program errors, and the correction of errors found at verification, we have changed the preliminary results. The final results

are listed below in the section ''Final Results of Review.''

EFFECTIVE DATE: December 31, 1996.

FOR FURTHER INFORMATION CONTACT: Jennifer Stagner, Brian Smith (Erbosan), or Gabriel Adler (Borusan), Office of AD/CVD Enforcement II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1673, (202) 482–1766, and (202) 482–1442, respectively.

SUPPLEMENTARY INFORMATION:

Background

This review covers two manufacturers/exporters to the United States of the subject merchandise, the Borusan Group (Borusan) and Erviyas Boru Sanayii ve Ticaret A.S. (Erbosan), and the period May 1, 1994, through April 30, 1995. On July 5, 1996, the Department of Commerce (the Department) published in the Federal Register the Preliminary Results of Administrative Review of the Antidumping Duty Order on Certain Welded Carbon Steel Pipe and Tube from Turkey (61 FR 35188) (Preliminary Results). We issued supplemental questionnaires to Borusan and Erbosan in July 1996; we received the responses in August 1996. Verification was conducted in September 1996. We received case and rebuttal briefs on November 12, 1996, and November 19, 1996, respectively.

The Department has now completed this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Review

Imports covered by this review are shipments of certain welded carbon steel pipe and tube products with an outside diameter of 0.375 inch or more but not over 16 inches, of any wall thickness. These products are currently classifiable under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. These products, commonly referred to in the industry as standard pipe and tube, are produced to various American Society for Testing and Materials (ASTM) specifications, most notably A–120, A–53 or A–135.

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

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

Product Comparisons

In accordance with section 777A(d)(2) of the Act, we calculated for Borusan transaction-specific Export Prices (EPs) and compared them to normal value (NV) based on either weighted-average home market prices or constructed values. For Erbosan, we calculated transaction-specific EPs and compared them to NV based on weighted-average home market prices only. The EPs and NVs were calculated and compared by product characteristics and, where possible, at the same level of trade (see ''Level of Trade'' section below). For price-to-price comparisons, we compared identical merchandise, where possible. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we made similar comparisons based on the characteristics listed in the Department's antidumping questionnaire. For both Borusan and Erbosan, we excluded certain reported products in the home market from our analysis because the merchandise was not part of the foreign like product. For Erbosan, we found that there were U.S. sales of certain products for which there were no home market sales of identical or similar products sold in the same month. As discussed in the *Preliminary Results,* we did not apply the Department's 90/60 day rule because Turkey experienced hyperinflation during the period of review (POR). In general, where no match can be found for a U.S. sale, the Department would normally resort to CV as the basis of NV. In this case, however, no specific request was made by the Department that Erbosan provide CV in these instances. Therefore, as facts available, we assigned the U.S. sales without home market matches the average of the calculated margins. In determining what to use as facts available, we considered whether Erbosan cooperated to the best of it ability using the criteria set for in section 776(b) of the Act. We determined that Erbosan met all these criteria and concluded that an adverse inference should not be made (see Erbosan Sales Comment 1 below).

Level of Trade

As set forth in section 773(a)(1)(B)(i) of the Act and in the Statement of Administrative Action (SAA) accompanying the URAA at 829–831, to the extent practicable, the Department will calculate NV based on sales at the same level of trade as the U.S. sale. When the Department is unable to find sale(s) in the comparison market at the same level of trade as the U.S. sale(s), the Department may compare sales in the U.S. and foreign markets at a different level of trade. See Final Determination of Sales at Less than Fair Value; Certain Pasta from Italy, 61 FR 30326 (June 14, 1996) (Pasta from Italy).

In accordance with section 773(a)(7)(A) of the Act, in comparing U.S. sales to NV sales, the Department will adjust the NV to account for any difference in level of trade if two conditions are met. First, the sales must in fact be made at different levels of trade, which can exist only if there are differences between the actual selling functions performed by the seller at the level of trade of the U.S. sale and the level of trade of the NV sale. Second, the difference must affect price comparability as evidenced by a pattern of consistent price differences between sales at the different levels of trade in the market in which NV is determined.

In order to determine that there is a difference in level of trade, the Department must find that two sales have been made at different stages of marketing, or the equivalent. Different stages of marketing necessarily involve differences in selling functions, but differences in selling functions (even substantial ones) are not alone sufficient to establish a difference in the level of trade. Similarly, seller and customer descriptions (such as ''distributor'' and ''wholesaler'') are useful in identifying different levels of trade, but are insufficient to establish that there is a difference in the level of trade. See Certain Corrosion-Resistant Carbon Steel Flat Products and Certain Cut-to-Length Carbon Steel Plate from Canada: Preliminary Results of Antidumping Duty Administrative Review, 61 FR 51891, 51895–96 (October 4, 1996) (Steel from Canada).

In implementing this principle in this review, we examined information regarding the selling activities of the producers/exporters associated with each stage of marketing, or the equivalent. In addition, we examined any claimed levels of trade (LOTs) reported by each respondent.

In reviewing the selling functions reported by the respondents, we considered all types of selling activities, both claimed and unclaimed, that had been performed. In analyzing whether separate LOTs existed in this review, we found that no single selling activity in the pipe and tube industry was sufficient to warrant a separate LOT (see Notice of Proposed Rulemaking and Request for Public Comments, 61 FR 7307, 7348 (February 27, 1996)). For this review, we determined that the following selling functions and activities are relevant to the pipe and tube industry: (1) Inventory maintenance; (2) technical services; (3) warranty services; (4) customer advice and product information; (5) delivery arrangements; (6) sales from warehouse vs. direct sales; and (7) direct advertising. We did not consider trade discounts as a selling function (see Pasta from Italy).

When examining claimed LOTs, we analyzed the selling activities associated with the classes of customers and marketing stages the respondents reported. In applying this analysis, we expect that, if claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. The Department not only counts activities, but weighs the overall function performed for each claimed level of trade. In determining whether separate LOTs existed in the home market, pursuant to section 773(a)(1)(B)(i) of the Act, we considered the selling functions reflected in the starting price of the home market sales before any adjustment.

A. Borusan

Borusan claimed that it has three LOTs in the home market: (1) Direct sales; (2) reseller back-to-back sales; and (3) reseller inventory sales. It reported only one LOT in the U.S. market (i.e., trading companies). We agree with Borusan that one LOT exists in the U.S. market because Borusan has one chain of distribution and one customer category in the U.S. market. However, based on our practice, as stated recently in Steel from Canada, we have determined, for the reasons described below, that there are not three, but only two LOTs in the home market.

The first step in this analysis requires that the Department identify the different stages of marketing. We find that there are two stages of marketing: (1) Sales shipped directly to distributors/wholesalers (direct sales and reseller back-to-back sales); and (2) warehouse sales to retailers (reseller inventory sales).

After determining the number of marketing stages, we must then examine whether the selling functions performed by the seller support Borusan's claimed LOTs or the separate marketing stages determined by the Department. For the claimed LOTs in the home market, we did not find that there were three distinct sets of selling functions performed by the seller. Rather, we found two distinct sets of selling functions performed by the seller, which reflected the two marketing stages determined by the Department. Thus, we concluded that there are two distinct LOTs in the home market based on the marketing stages and selling functions performed by the seller at those stages.

Next we examined the selling functions performed by the seller with respect to both markets to determine if U.S. sales can be matched to home market sales at the same LOT. See Sales Comment 3 for a complete discussion; see also Memorandum to the File from the Team, dated December 17, 1996.

Based on our analysis, we determined that there is one U.S. LOT and two home market LOTs, one of which we determined to be identical in aggregate selling functions to that at which sales are made to the United States. We compared sales at the sole LOT in the U.S. market to sales at the identical home market LOT. If no home market match was available at the same LOT in the same month as the U.S. sale, we compared sales at the sole LOT in the U.S. market to sales at the other LOT in the home market. We then examined whether a LOT adjustment was appropriate for Borusan when comparing sales at its U.S. LOT to sales at the non-identical LOT.

To determine whether an LOT adjustment was necessary, we examined, on a monthly basis, the prices of comparable product categories, net of all adjustments, between sales at the identical home market LOT and sales at the non-identical home market LOT. We did not find a consistent pattern of price differences between sales at these LOTs. Therefore, for non-identical LOT matches, we made no LOT adjustments. If no home market match was found, we compared EP to constructed value.

It is now the Department's practice to calculate, to the extent possible, a CV by LOT, using the selling expenses and profit determined for each LOT in the comparison market. See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, Germany, Italy, Japan, Romania, Singapore, Thailand and the United Kingdom; Preliminary Results of Antidumping Duty Administrative Reviews, Termination of Administrative Reviews, and Partial Termination of Administrative Reviews, 61 FR 35713, 35718 (July 8, 1996). However, because the record of this review does not include selling expense and profit data specific to each LOT, we have calculated a CV for each product without regard to LOTs.

B. Erbosan

Erbosan made no claim that different levels of trade existed. However, the Department must still examine whether there are different levels of trade when the information on the record permits adequate analysis of the issue (see Pasta from Italy). In determining whether separate levels of trade actually existed between the U.S. and home markets, we first examined Erbosan's marketing stages. In reviewing the chains of distribution and customer categories reported in the home market, we found no differences between the reported chains/categories. Thus, we found only one stage of marketing in the home market. For the U.S. market, Erbosan had only one chain of distribution and one customer category. Thus, we determined that Erbosan has one stage of marketing in the U.S. market.

As described above, it is still necessary to examine the selling functions performed to determine whether separate levels of trade exist between these market stages. Our analysis was based on the selling functions we examined at verification. Based on information contained on the record and our verification findings, we determine that there are no differences in the selling functions performed in the home market within the LOT. Thus, for purposes of our final results, we have considered all sales in the home market to be at one LOT. In reviewing the same selling functions for the U.S. market, we found that the home market LOT is not similar in aggregate selling functions to that found in the United States. Thus, we determined that Erbosan has one LOT in the home market and a different one in the U.S. market. See Memorandum to the File from the Team, dated December 17, 1996.

If the Department determines that a LOT adjustment is warranted, and if information on the same product and company is not available in order to make such an adjustment, the Department may consider the sales of other products by the same company or the selling experience of other producers in the foreign market for the same product (or other products) in

order to make an adjustment. See SAA at 830.

In this case, we found no information on the record which would enable us to make a level of trade adjustment. Thus, we compared Erbosan's sales at the sole LOT in the U.S. market to its sales at the sole home market LOT without making a LOT adjustment.

Fair Value Comparisons

To determine whether sales of pipe and tube to the United States were made at less than fair value, we compared the EP to the NV, as described in the ''Export Price'' and ''Normal Value'' sections of this notice.

Export Price

We calculated EP in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and Constructed Export Price (CEP) methodology was not otherwise warranted based on the facts of this investigation.

A. Borusan

We calculated EP based on the same methodology used in the Preliminary Results, except that we deducted payments made by Borusan to its customers in the United States (see Sales Comment 4B below).

B. Erbosan

We based EP on prices to unaffiliated purchasers in the United States. We made deductions from the starting price (gross unit price), where appropriate, for foreign inland freight, foreign brokerage and handling expenses, and international freight. Furthermore, we added countervailing duties imposed on the subject merchandise to offset export subsidies, pursuant to section 772(c)(1)(C) of the Act.

Normal Value

A. Borusan

We calculated NV as noted in the ''Price to Price Comparisons'' and ''Price to CV Comparisons'' sections of this notice.

B. Erbosan

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared Erbosan's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Since Erbosan's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of its U.S. sales of the subject merchandise, we determined that the home market was viable. We calculated NV as noted in the ''Price to Price Comparisons'' section of this notice.

Cost of Production Analysis

As discussed in the Preliminary Results, the Department conducted an investigation to determine whether Borusan made home market sales during the POR at prices below its cost of production (COP) within the meaning of section 773(b) of the Act. No below-cost allegation was made with respect to Erbosan. Before making any fair value comparisons, we conducted the COP analysis described below.

A. Calculation of COP

We calculated the COP based on the sum of Borusan's cost of materials and fabrication for the foreign like product, plus amounts for home market selling, general, and administrative expenses (SG&A) and packing costs in accordance with section 773(b)(3) of the Act. As noted in the Preliminary Results, we used Borusan's reported monthly COP figures which were based on the current production costs incurred during each month of the POR. This was done in order to avoid the distortive effect of inflation on our comparison of costs and prices. We relied on the reported COP amounts with the following exceptions:

1. We calculated a weighted-average per-unit variable cost of manufacturing and total cost of manufacturing for each product;
2. We recalculated Borusan's SG&A expenses (*see* Cost Comment 2 below);
3. We recalculated Borusan's interest expenses (*see* Cost Comment 3 below);
4. We recalculated the reported product costs to reflect product-specific weight-savings ratios where available (*see* Cost Comment 4 below); and
5. We adjusted the cost of a product for which an average coil cost had been reported, to account for a more expensive input coil for that product.

B. Test of Home Market Prices

As stated in the Preliminary Results, we used Borusan's adjusted monthly COP amounts and the wholesale price index from the government of Turkey's State Institute of Statistics to compute an annual weighted average COP for the POR. We compared the weighted-average COP figures to home market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. On a product-specific basis, we compared the COP to the home market prices, less any applicable movement charges, rebates, and direct selling expenses.

C. Results of COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in ''substantial quantities.'' Where 20 percent or more of a respondent's sales of a given product were at prices less than the COP, we disregarded the below-cost sales where such sales were found to be made at prices which would not permit the recovery of all costs within a reasonable period of time (in accordance with section 773(b)(2)(D) of the Act). Where all sales of a specific product were at prices below the COP, in accordance with section 773(b)(1) of the Act, we disregarded all sales of that product, and calculated NV based on CV, in accordance with section 773(e) of the Act.

We found that, for certain products, more than 20 percent of Borusan's home market sales were sold at below the COP and, therefore, that below-cost sales were made within an extended period of time in substantial quantities. We also determined that these below-cost sales were made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. We therefore excluded these sales from our analysis and used the remaining above-cost sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act. For those pipe and tube products for which there were no above-cost sales in the ordinary course of trade, we compared export prices to CV.

D. Calculation of CV

In accordance with section 773(e)(1) of the Act, we calculated CV based on the sum of Borusan's cost of materials, fabrication, SG&A and U.S. packing costs as reported in the U.S. sales databases. In accordance with section 773(e)(2)(A) of the Act, we based SG&A and profit on the actual amounts incurred and realized by Borusan in connection with the production and sale of the foreign like product in the ordinary course of trade (*i.e.*, sales disregarded under section 773(b)(1) of the Act pursuant to the cost test and under section 773(e)(2) of the Act not at arm's length), for consumption in the foreign country (see Sales Comment 8 below). We calculated CV based on the

methodology described in the calculation of COP above and added an amount for profit. For selling expenses, we used the weighted-average home market selling expenses.

Price-to-Price Comparisons

A. Borusan

For those comparison products for which there were sales at prices above the COP, we based NV on home market prices. We calculated NV based on FOB mill/warehouse or delivered prices to unaffiliated customers, or prices to affiliated customers which were determined to be at arm's length. We calculated NV based on the same methodology used in the Preliminary Results, with the following exceptions:

1. We deducted advertising and warranty expenses (see Sales Comment 9 below).
2. We set to zero the warehousing and freight expenses reported for back-to-back sales, based on our findings at verification. See sales verification report at 1.
3. For certain reseller sales, we revised the warehousing and freight expenses, based on our findings at verification. See sales verification report at 12–13.

B. Erbosan

We based NV on home market prices. We calculated NV based on FOB factory prices to unaffiliated customers. We made deductions, where appropriate, from the starting price for discounts and rebates, and we added interest revenue. In accordance with section 773(a)(6) of the Act, we deducted home market packing costs and added U.S. packing costs.

We adjusted for differences in the circumstances of sale, in accordance with section 773(a)(6)(C)(iii) of the Act. These circumstances included differences in imputed credit expenses. Based on our verification findings, we recalculated home market credit expenses.

We also made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. Based on our verification findings, we added an amount for thinner and lacquer costs to the variable manufacturing cost and total cost of manufacture for all U.S. products. We also added an amount for pipe straightening expenses to the costs for certain U.S. products. Finally, we removed the amount for packing expenses from the costs reported for all products. We indexed the reported monthly costs to the end of the period using the wholesale price index for Turkey. Next, we calculated average variable and total costs of manufacturing by product based on sales quantities of the U.S. and home market sales. (We used sales quantities because production quantities were not available and because we assume that sales quantities are a close approximation to production quantities.) We then indexed the average variable and total costs of manufacturing to restate them in the currency value of each respective month. The adjusted monthly variable costs of manufacturing for U.S. and home market products were then compared to arrive at the difference in merchandise adjustment. To determine whether Erbosan's affiliated sales were made at arm's length, we compared the gross unit prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing (see Final Determination of Sales at Less Than Fair Value; Certain Cold-Rolled Carbon Steel Flat Products from Argentina, 58 FR 37062, 37077 (July 9, 1993)). We excluded all of these sales from our analysis because they did not pass the arm's length test in our analysis. See 19 CFR 353.45(a).

Price-to-CV Comparisons

For Borusan, where we compared CV to export prices, we deducted from CV the weighted-average home market direct selling expenses and added to CV the weighted-average U.S. product-specific direct selling expenses.

Currency Conversion

The Department's preferred source for daily exchange rates is the Federal Reserve Bank. However, the Federal Reserve Bank does not track or publish exchange rates for the Turkish Lira. Therefore, we made currency conversions based on the daily exchange rates from the Dow Jones Service, as published in the Wall Street Journal.

Section 773A(a) 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.'' It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from a benchmark rate by 2.25 percent. The benchmark rate is defined as the rolling average of the rates for the past 40 business days. See Final Determination of Sales at Less Than Fair Value: Certain Pasta from Turkey, 61 FR 30309 (June 14, 1996) (Pasta from Turkey).

However, we believe that it is appropriate in this case to use actual daily exchange rates for currency conversion purposes, rather than the benchmark rate. As noted in Policy Bulletin 96–1: Currency Conversions, 61 FR 9434 (March 8, 1996), the Department is continuing to examine the appropriateness of the currency conversion policy in situations where the foreign currency depreciates substantially against the dollar over the POR. In those situations, it may be appropriate to rely on daily exchange rates. When the rate of domestic price inflation is significant, as it is in this case, it is important that we use as a basis for NV home market prices that are as contemporaneous as possible with the date of the U.S. sale. This is to minimize the extent to which calculated dumping margins are overstated or understated due solely to price inflation that occurred in the intervening time period between the U.S. and home market sales. For this reason, we have used the daily exchange rates for currency conversion purposes.

Further, section 773A(b) directs the Department to allow a 60 day adjustment period when a currency has undergone a sustained movement. Such an adjustment period is required only when the foreign currency is appreciating against the U.S. dollar. See SAA at 842. No adjustment period is warranted in this review, because the Turkish Lira generally remained constant or depreciated against the dollar during the POR.

Verification

In accordance with section 353.25(c)(2)(ii) of the Department's regulations, we verified information provided by Borusan and Erbosan using standard verification procedures, including on-site inspection of the manufacturer's facilities, the examination of relevant sales and financial records, and selection of original documentation containing relevant information. We found certain errors at verification of both Borusan and Erbosan, and have corrected for these errors in our final results. For reasons stated in our preliminary results, we verified the questionnaire responses submitted by both respondents after the preliminary results were issued.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received comments from the petitioners and Borusan. We received rebuttal comments from the petitioners and both respondents.

A. Borusan

Cost Comments

Comment 1: Facts Available

The petitioners argue that Borusan's COP and CV data should be rejected in favor of the facts available. According to the petitioners, Borusan deviated from its normal accounting system in preparing its COP and CV responses without obtaining authorization from the Department for the methodologies used.

Specifically, the petitioners argue that Borusan departed from its normal accounting practices in that it:

(a) Had the ability to track production costs on a product-specific basis, but did not do so;

(b) Reported costs for products that had no production in a particular month;

(c) Had the ability to report product-specific raw material costs but failed to do so;

(d) Did not provide yields on a product-specific basis even though it had at its disposal more accurate product-specific conversion factors;

(e) Provided a single weight conversion factor even though it had at its disposal more accurate product-specific conversion factors;

(f) Did not provide adequate verification support for the arm's length nature of materials purchases from affiliated parties;

(g) Failed to accurately report factory-specific overhead;

(h) Misled the Department about its interest rate calculation;

(i) Failed to report freight costs to its customers; and

(j) Provided incorrect difference in merchandise (difmer) information because of the same deficiencies alleged with respect to the general cost data.

According to the petitioners, these departures from Borusan's normal accounting system might have resulted in the allocation of costs away from the subject merchandise and the foreign like product, with little chance of detection. The petitioners contend that the burden of creating an adequate response, including fully disclosing its record keeping and reporting capabilities, rested with Borusan. Citing *Olympic Adhesives, Inc.* v. *United States,* 899 F.2d 1565, 1572 (Fed. Cir. 1990), the petitioners contend that if respondents are allowed to make unilateral decisions about the information to be provided they would be able to artificially lower antidumping margins by providing selected information.

Borusan argues that the submitted COP data was based on its normal cost accounting system to the extent permitted by the Department's questionnaires, and that departures from the normal system were made only in response to the Department's questionnaire requirements. According to Borusan, the Department requested that COP data be submitted on a basis different than that used in the normal course of business to record costs. Borusan claims that it attempted to recalculate current costs with as much product-specificity as possible, and that the underlying source data was verified satisfactorily by the Department. Borusan further contends that no elements of the reported costs were unverified.

DOC Position

We disagree with the petitioners' contention that the methodologies used by Borusan to prepare its COP responses warrant wholesale rejection of those responses and the use of facts available. Section 776(a)(1) states that if necessary information is not available on the record, the Department ''shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination under this title.'' Section 782(e) provides that the Department shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all the applicable requirements established by the Department if: (1) The information is submitted by the deadline established for its submission; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability in providing the information and meeting the requirements established by the Department with respect to the information; and (5) the information can be used without undue difficulties. Accordingly, in using the facts available, the Department may disregard information submitted by a respondent if any of the five criteria has not been met.

We conducted numerous tests, described in our cost verification report and summarized below, which supported the overall reasonableness of the reported data. Although we agree that, in certain instances, Borusan's reported costs did not reflect the same level of product-specificity as the costs maintained in its normal course of business, we have been able to adjust the reported costs to reflect more product-specific data available on the record. Further, in the case of unreported movement expenses affecting the integrity of our cost test for certain sales, we have applied partial facts available that ensure the viability of that test. Since Borusan's reported costs are in general reliable, and deficiencies in those costs can be remedied via data on the record and the application of partial facts available, we find that the application of total facts available is not warranted.

Below, we discuss each of the points raised by the petitioners as enumerated above:

(a) The petitioners have challenged the lack of product specificity of Borusan's material and overhead costs. With respect to material costs, we note that the cost questionnaire issued by the Department to Borusan on May 23, 1996, requested that Borusan submit its COP data on a current cost basis (*i.e.*, that materials costs for merchandise shipped in a particular month be valued at the average inventory value of those materials during the month of production) in order to account for the effect of hyperinflation on production costs. However, in the normal course of business, Borusan records production costs on a historical cost basis (*i.e.*, Borusan records material costs at the average purchase price during the month of production, a practice which does not reflect the effect of inflation between purchase and usage of the inputs). Consequently, Borusan was obligated to recalculate its material costs. Throughout this review, we have found no evidence that Borusan could have feasibly provided current costs at the same level of product-specificity as the historical costs that it records in the normal course of business. However, the reported material costs did reflect the grade of the input coil, which was the principal variant in material cost observed at verification, and we fully verified the material costs reported at this level of detail (see item (c) below). As for transformation costs, the reported figures reflect a reasonable level of product-specific detail (see item (g) below). Given that the current cost methodology was requested by the Department, and that Borusan provided such data at a more aggregate yet nonetheless reasonable level, it would be inappropriate to infer that the lesser degree of product specificity inherent in Borusan's reported costs reflects an attempt by Borusan to artificially reduce antidumping margins.

(b) Borusan's reporting of a current COP for all products in every month of the POR, despite the fact that certain products were not produced in every month, did not artificially lower the COP of the merchandise that was

actually produced. Borusan calculated the cost that would have been incurred to produce one unit of each unique product in their product line for each month of the POR based on the average per-unit material costs during that month (see, *e.g.*, Silicon Metal from Brazil; Final Results of Antidumping Duty Administrative Review, 59 FR 42806 (August 19, 1994)). The average per-ton cost of material inputs (*e.g.*, steel coil) in a particular month is independent of which particular models are produced, and thus Borusan's reporting of current costs for certain products for which there was no production does not imply an underallocation of costs.

(c) We agree that Borusan did not report material costs at the same level of product-specificity that is recorded in the normal course of business. (In the normal course of business, on a historical cost basis, Borusan tracks its material costs for every production run, so that each batch of pipe of a specified type and size absorbs the costs of the materials used in the production of that batch.) However, in submitting its costs on a current basis, Borusan did calculate grade-specific costs; as explained in our verification report, we observed that grade B pipe reflected a higher material cost for more expensive coil inputs than were used for grade A pipe. *See* cost verification report at 8. We fully verified that the submitted costs reconciled to the company's records by tracing the coil costs to invoices for material purchases and associated freight, material inventory subsidiary ledgers, and cost center records. *Id*. at 18–20.

In reviewing Borusan's material purchases and production techniques we did not find evidence that factors other than the grade of the input coil (such as coil thickness) would have had a significant impact on product-specific material costs. With respect to thickness, we noted that sample invoices for purchases of coils of varying thicknesses reflected identical per-ton coil costs regardless of the thickness of the coil. See cost verification report at 17, note 9.

We did discover at verification that Borusan had used high-cost API coil for one production run of a standard pipe product in April 1995. In its response, Borusan averaged the higher cost of the API coil across all pipe products rather allocating this cost to the specific product for which API coil was used as an input. API coil is a specialized input for the production of line pipe, and because of its comparatively high cost, Borusan does not normally use it for production of standard pipe. Borusan stated that it used such coil for one run of standard pipe in April 1995 due to excess inventory, and we found no evidence that Borusan routinely uses API coil in the production of standard pipe. We have adjusted the April 1995 cost of the pipe product manufactured from API coil to reflect the higher cost of the input.

(d) Borusan calculated average monthly yields (i.e., the percentage of each material input not wasted in the production process) across all pipe products, rather than providing the production-specific yields Borusan records in the normal course of business. (In the normal course of business, Borusan tracks slitting, welding, and testing scrap for each batch of pipe.) Borusan claimed that reporting product-specific yields under a current cost methodology would have required prohibitive work and effort because it would have had to individually identify the production run corresponding to each sale of subject merchandise. Borusan did not explain whether its records would have allowed it to submit an average monthly yield for each product, and due to time constraints this issue was not pursued at verification. We note, however, that during the plant tour we observed that the manufacturing process for the various dimensions and types of subject merchandise is uniform, and would be unlikely to generate significantly different yields for different products. (In other words, the material lost in the production of a ton of two inch galvanized pipe should not be significantly different than the material lost in the production of a ton of six-inch black ungalvanized pipe.) Given this, and the absence of evidence on the record of this review to suggest that different Borusan pipe products have materially different yields, we are accepting in this review the reported average figures as a reasonable measure of yields for the subject merchandise. However, we emphasize that the Department requires that yields (like other elements of cost) be reported on as product-specific a basis as is feasible given a respondent's records, and that Borusan should be prepared to demonstrate that reported yields are consistent with our practice in future reviews of the antidumping order.

(e) Borusan reported its costs using a single weight conversion factor even though it had at its disposal more accurate product-specific conversion factors. (See Cost Comment 4 below.) The more specific conversion factors are on the record of this review, and we have been able to adjust the reported costs using these data, obviating the need for the use of facts available.

(f) At verification we found, without exception, that sample purchases of materials by Kartal Boru (Borusan's affiliate producer) from affiliated parties had been marked up over the price charged by the manufacturer. The wording in our report was not meant to suggest that we had found any evidence of materials purchases at less than arm's length.[1]

(g) We disagree that Borusan failed to accurately report product- and size-specific overhead. In the normal course of business Borusan calculates an average transformation cost for all products passing through each cost center. However, given that the Gemlik plant has several welding lines and that welding costs are the largest component of total transformation costs, Borusan reported product- and size-specific welding costs using productivity ratios (i.e., by calculating the total tons of each product, by size, passing through each line per hour). See cost verification report at 22. Thus, Borusan calculated welding costs at a greater level of detail than is recorded in the normal course of business.

We saw no evidence at verification that this methodology resulted in an underallocation of transformation costs to subject merchandise. On the contrary, we noted that non-subject merchandise such as line pipe has much higher welding productivity ratios than standard pipe, and therefore it would have been in the respondent's interest to have reported an average welding cost for all pipe rather than the product-specific welding costs actually submitted.

(h) We disagree with the petitioners'' claim that Borusan did not adequately explain the basis for its interest rate calculation. Borusan explained the basis for its calculation on pages 8–10 of the July 24, 1996, response, well before verification.[2]

(i) We agree that Borusan did not report freight expenses incurred in certain shipments of merchandise from affiliated resellers directly to customers. Section 776(a)(1) of the Act states that if necessary information is not available on the record, the Department shall use the facts otherwise available in reaching the applicable determination under this

[1] The cost verification report noted that ''*for selected purchases of coil*, the affiliates mark-up the price from the unaffiliated producer of the coil in their invoice to [Kartal Boru].'' (Emphasis added). See cost verification report at 17. This was not intended to imply that not all purchases of coil selected for verification reflected a mark-up.

[2] We note, however, that we have recalculated the interest expenses submitted in that response consistent with our practice of basing interest expenses on the consolidated group of companies (see Comment 3 below).

title. In this case, Borusan chose not to report these freight expenses. As Borusan did not act to the best of its ability in responding to our request for such information pursuant to section 782(e)(4) of the Act, we have therefore drawn an adverse inference under the authority provided by section 776 of the Act. As facts available, we are assigning the highest freight rate per kilogram to those sales with no freight reported from the affiliated resellers to the customers.

(j) As discussed above, we have found Borusan's cost calculations to be generally adequate, and the difmer data are no less reliable.[3]

In conclusion, we find that Borusan's cost calculations are, on the whole, reasonable. In those instances where Borusan's submitted calculations are not as product specific as possible or are otherwise deficient, we have adjusted the calculations based on more specific data on the record or applied partial facts available. Therefore, the application of total facts available is not warranted.

Comment 2: Adjustments to Borusan's SG&A

The petitioners argue that the Department should ensure that certain stockyard movement expenses, certain year-end adjustments by Borusan's auditor, and a net assets tax should be included in Borusan's SG&A. The petitioners also argue that certain home market freight expenses which were not reported in the sales database should be included in Borusan's SG&A for purposes of calculating COP.

Borusan agrees that the stockyard movement expenses should be included in SG&A for the final results of review, and notes that at verification it provided a revised schedule of SG&A expenses including the stockyard movement expenses. Borusan also agrees that the year-end adjustments and the net asset tax should be included in SG&A. However, Borusan argues that the freight expenses in question (involving shipments by affiliated resellers from their warehouse to end customers) are minimal in amount and unrelated to production of merchandise and, therefore, should not be included in SG&A.

DOC Position

We agree with both parties that Borusan's SG&A figure should include both the stockyard movement expenses, the auditor's year-end adjustments, and the net assets tax. We have revised the SG&A used in our final calculations accordingly.

We agree with the petitioners that Borusan failed to report movement expenses incurred by home market affiliated resellers, but disagree that these expenses should be included in Borusan's SG&A. The movement expenses incurred by the affiliated resellers are related to sales activities on behalf of Borusan's domestic sales, and are unrelated to Borusan's production activities. Had they been reported, these movement expenses would have been deducted from the home market prices for the specific sales in which they were incurred, rather than added to COP. Since Borusan failed to report these expenses, we have drawn the adverse inference that reporting of the expenses would have resulted in the affected sales failing the cost test. *See* Comment 1 above.

Comment 3: Interest Rate Factor

The petitioners argue that the Department should use an interest expense factor calculated on the basis of the monthly interest expenses of the consolidated group of companies of which Borusan is a member (*i.e.,* the interest expense of Borusan Holding Company). The petitioners also argue that the Department should not offset interest expenses by the amount of foreign exchange gains.

Borusan does not disagree that the Department should use an interest expense factor calculated on the basis of the interest expenses of the consolidated group of companies, but argues that the rate suggested by the petitioners is exaggerated and factually unfounded. Borusan notes that only annual (rather than monthly) consolidated interest expenses could be provided. Borusan also contends that the Department verified that foreign exchange income was primarily short-term in nature and that this income should be offset against interest expenses.

DOC Position

We agree with the petitioners that Borusan's interest expenses should be calculated on the basis of the interest expenses of the consolidated group of companies. While our normal practice is to require monthly interest calculations (see, e.g., Pasta from Turkey), we agree with Borusan that doing so in this case would have imposed an unreasonable burden (see section 782(c)(1) of the Act) given that many of the companies in the group do not prepare monthly schedules of interest expenses in the ordinary course of business and that the group as a whole prepares only semi-annual consolidation of expenses (see cost verification report at 25). We therefore have relied on the annual interest expenses for the consolidated group. However, in order to follow our normal practice as closely as possible, we have allocated these expenses to each month of the POR using the ratio of monthly to annual interest expenses for the four largest firms of the Borusan group, which Borusan provided in its cost response of June 10, 1996.

We agree with the petitioners that foreign exchange gains should not be used to offset the interest expenses. At verification, we found that the vast majority of the foreign exchange gains were not debt-related, but rather involved export sales activities (*i.e.,* the gains arising from foreign-currency denominated export receivables). Since the foreign exchange gains are unrelated to interest, it would be inappropriate to offset interest expenses by these gains and we have not done so.

Comment 4: Weight Savings Gains

The petitioners argue that Borusan had the ability to provide weight-savings ratios (*i.e.,* the ratio of theoretical weight of pipe to actual weight of pipe) for each product but deliberately provided an average ratio for all products. According to the petitioners, the Department should either disallow the weight-savings adjustment or, in the alternative, recalculate Borusan's costs to reflect product-specific weight-savings ratios wherever the record permits identification of such ratios.

Borusan argues that the weight-savings adjustment is necessary for an apples-to-apples comparison of prices to costs, since materials costs are incurred on an actual weight basis and sales prices are charged on a theoretical weight basis. According to Borusan, the Department verified the accuracy of the weight-savings data and the reasonableness of the underlying methodology. Borusan does not rebut the petitioners' argument that product-specific weight-savings data should be used wherever available on the record.

DOC Position

We agree with Borusan that the weight-savings adjustment is necessary for a proper comparison of Borusan's sales prices to costs because of the difference in the weight bases. At the same time, we agree with the petitioners that the product-specific weight-savings factors should be used wherever available. As discussed in our verification report, Borusan calculated a weight-savings rate on a product- and size-specific basis for pipe and tube with diameters between ½'' and 6'',

[3] As with the general cost data, we have recalculated Borusan's difmer data to reflect product- and size-specific weight savings ratio where available; see Comment 4 below.

which account for a large majority of Borusan's sales. These rates were then averaged, and the average was applied to all products. See cost verification report at 16. Given that specific weight-savings ratios for Borusan's products are on the record for most sales, there is no reason to use an average ratio where product-specific ratios are available. Accordingly, for these final results, we have revised the submitted cost data to reflect product- and size-specific weight-savings gain ratios where available; where such ratios are not available, we have applied the weighted-average ratio calculated by Borusan.

Comment 5: Imputed Selling Expenses for Constructed Value

The petitioners argue that the Department neglected to include imputed selling expenses such as credit expenses and inventory carrying costs in the calculation of constructed value. The petitioners cite to Import Administration's Policy Bulletin 94.6 (March 25, 1994) in support of their position.

Borusan argues that, to the extent that the Department includes imputed selling expenses in the buildup of constructed value, imputed and actual interest expenses must not be double counted.

DOC Position

We disagree with the petitioners that imputed selling expenses must be included in the calculation of constructed value. Under the URAA, for both COP and CV, the statute provides that SG&A be based on actual amounts incurred by the exporter for production and sale of the foreign like product. Our previous practice with respect to COP was to compute selling expenses exclusive of credit and inventory carrying costs because these are imputed amounts that the Department relies on to measure the effect of specific respondent selling practices in the United States and the comparison market. Since the new law provides that the Department compute SG&A for both COP and CV using the actual data of the exporter, in order to ensure consistent treatment of COP and CV we no longer include imputed selling expenses in CV.

Comment 6: Weighted-Average Cost of Production

The petitioners argue that the Department should calculate a weighted-average COP, and apply facts available for any product for which production quantities or COP data are not available.

DOC Position

For the preliminary results, the Department calculated a simple-average COP because monthly production quantities had not yet been reported. At verification, we confirmed that Borusan had reported production quantities and cost data for all products. Since the Department's normal practice is to calculate weighted-average costs of production (see e.g., Pasta from Turkey), we have done so for these final results.

Comment 7: Initiation of Cost Investigation

Borusan argues that the Department should not have initiated a sales-below-cost investigation in this review because the petitioners' cost allegation was not submitted until over three months after the regulatory deadline for such allegations. Borusan further contends that the allegation did not provide reasonable grounds to suspect that Borusan had made below-cost sales, since it contained a number of errors and failed to account for hyperinflation in Turkey. In addition, Borusan claims that subsequent discovery of below-cost sales cannot justify the improper initiation of a below-cost investigation.

The petitioners argue that the Department has the discretion to extend the deadline for allegations of sales below cost when a questionnaire response is received after the deadline for such allegations, and that the deficiencies in the allegation alleged by Borusan were factually incorrect and immaterial to the decision to initiate a cost investigation. In addition, the petitioners contend that there is no ''exclusionary'' rule that would compel the Department to ignore a finding of sales below cost even if an investigation was initiated pursuant to an untimely and unsupported allegation.

DOC Position

We agree with the petitioners. With respect to the timeliness issue, as explained in detail in the memorandum from Laurie Parkhill to Holly Kuga dated May 3, 1996, initiating the sales-below-cost investigation, we found that a number of extenuating circumstances beyond the petitioners'' control (including the delayed issuance of the questionnaire and receipt of the questionnaire response, and the extended closures of the Department due to the Federal budget crisis and a blizzard) warranted an extension of the deadline for filing of a sales-below-cost allegation, as permitted under 19 C.F.R. 353.31(c)(1)(ii). See also Notice of Final Results of Antidumping Duty Administrative Review: Certain Forged Steel Crankshafts From the United Kingdom, 60 FR 52150, 52153 (October 5, 1995) (noting that the Secretary will use its discretion in setting a deadline for a COP allegation where a relevant response is ''untimely or incomplete'').

With respect to the allegation itself, we found that it provided reasonable grounds to believe or suspect that Borusan had made below-cost sales. Borusan fails to note that the petitioners submitted a revised allegation correcting for the errors noted by the respondent, and that the revised allegation still provided evidence of below-cost sales. Moreover, the Department considered Borusan's hyperinflation argument, and determined that the petitioners' methodology was reasonable given the information available to them. (The Department made appropriate adjustments to account for the hyperinflation problem identified by Borusan in the course of conducting the sales-below-cost investigation.) Because the sales-below-cost investigation was initiated pursuant to a timely and reasonable allegation, Borusan's argument that a finding of sales below cost cannot be used to justify the improper initiation of a sales-below-cost investigation is moot.

Comment 8: Offset to Interest Expenses for Short-Term Interest Income

Borusan claims that short-term interest income should be allowed as an offset to interest expenses, since the Department verified the sources and short-term nature of such income. The petitioners do not dispute Borusan's claim that the sources and short-term nature of the income in question were adequately verified.

DOC Position

We agree with Borusan, and have offset interest expenses (based on the consolidated group of companies) accordingly.

Sales Comments

Comment 1: Home Market Sales of Bitumen-Coated Pipe

Borusan argues that it properly excluded sales of bitumen-coated pipe from its home-market sales listing. According to Borusan, bitumen-coated pipe is not within the scope of the antidumping order in this review, and in any event its cost is sufficiently high to ensure that the Department would never compare U.S. sales of standard pipe to home-market sales of bitumen-coated pipe.

The petitioners claim that bitumen-coated pipe is within the scope of the order on standard pipe from Turkey,

and should have been reported. According to the petitioners, the cost differences alleged by Borusan, although reviewed by the Department at the verification of Borusan's sales responses, were not subject to the same kinds of procedures followed at the verification of Borusan's cost responses. Therefore, they argue the difmer test performed at verification is not accurate.

DOC Position

In performing its dumping calculations, the Department's practice is to match U.S. sales of subject merchandise to home market sales of subject merchandise. Where no identical matches exist, the Department compares the U.S. sales to sales of the foreign like product, provided that merchandise is within a 20 percent difmer threshold (*i.e.,* the ratio of the difference of the variable cost of manufacture of the two products over the total cost of manufacture of the product sold in the United States must not exceed 20 percent). If there are no home market sales of similar merchandise within the 20 percent difmer threshold, the Department resorts to CV. See Import Administration Policy Bulletin: Number 92.2, July 28, 1992, Differences in Merchandise; 20 percent Rule. In the instant review, Borusan had no sales of bitumen-coated pipe in the United States, so sales of bitumen-coated pipe in the home market would not have served for identical matches. Further, at verification we noted that the difmer between a standard pipe product and that same product coated with bitumen exceeded the 20 percent threshold for comparison of similar products, so home-market sales of bitumen-coated pipe would not have served for comparison to U.S. sales of similar merchandise.[4]

In the Preliminary Results, the Department inadvertently included an incorrect description of the scope of this order. Based on the actual scope language, which makes no distinctions based on surface coating, we conclude that bitumen-coated pipe is within the scope. Because bitumen-coated pipe did not serve for comparison to U.S. sales of similar merchandise, however, it is immaterial that Borusan failed to report these sales.

Comment 2: VAT Drawback

Borusan argues that the Department failed to make a circumstance of sale (COS) adjustment for VAT drawback in the preliminary results. Borusan states that the statute (19 U.S.C. 1677b(a)(6)(C)(iii)) requires the Department to make an adjustment for circumstances of sale that are different between the U.S. and home market products—as the Department does with imputed credit expenses. It claims that under Turkish VAT law, Borusan is required to pay a 15 percent VAT on all imported materials used for domestic consumption. Eventually, the company will be reimbursed for the VAT at the time of the sale to the customer. However, in the time period between payment and reimbursement, Borusan bears the financial cost of the VAT (which it characterizes as an interest-free loan to the Turkish government). Borusan argues that this is a real and substantial cost because Turkey is a hyperinflationary economy. It states that it does not have to pay VAT on imported materials used in exported products and that this differing VAT treatment has a direct impact on the expense of making sales in the U.S. and home markets. According to Borusan, this difference is a difference in the circumstance of sale and therefore should be allowed for the final results.

The petitioners argue that the Department should not grant the VAT adjustment because eligibility for an adjustment for drawback of duties is limited to a rebate of duties paid and rebated (19 U.S.C. 1677a(c)(1)(B)). They contend that no case precedent nor statutory authority exists that would allow the Department to grant such an adjustment. The Department's regulations state that the Department will make a reasonable allowance for a bona fide difference in the circumstances of the sales when those circumstances bear a direct relationship to the sales compared. See 19 C.F.R. 353.56(a)(1). The petitioners argue that, unlike credit expenses which represent a cost of carrying the purchaser's debt (directly related to a sale), the VAT drawback relates to the cost of purchasing raw materials. It is an imputed cost associated with the purchase of raw materials, and is therefore a cost of production. They cite to Departmental practice which is to not make a circumstance of sale adjustment for differences in the costs of production. See Final Administrative Review: Certain Welded Carbon Steel Standard Pipe from India, 57 FR 54360 (November 18, 1992). According to the petitioners, if the Department does not consider the VAT to be part of the COP, it should consider it a general expense as it did in past cases; in Certain Welded Carbon Steel Pipes and Tubes from Thailand, 61 FR 56515 (November 1, 1996), the Department treated interest expenses on financing raw material imports as a general expense.

DOC Position.

We agree with petitioners, and have disallowed a COS adjustment for imputed interest resulting from delayed ''reimbursement'' of VAT paid on inputs. Allowing Borusan such an adjustment would involve imputing an expense incurred not between Borusan and its customers, but between Borusan, its supplier, and the government. ''[W]hile such a[n expense] may affect the notion of true economic cost to [Borusan], it tells us nothing about the difference in prices that result from the different circumstances of sale.'' See *Federal-Mogul Corp.* v. *United States,* 839 F. Supp. 881, 885 (November 30, 1993).

Furthermore, while the amount of the imputed expense cannot be quantified until Borusan makes a sale to a domestic customer, it is incurred regardless of whether Borusan actually makes such a sale. In other words, there is no direct relationship between the imputed expense and the sales being examined. Accordingly, there is no basis for the Department to make a COS adjustment.

Comment 3: Level of Trade

In the preliminary results, for Borusan, the Department determined that there was one LOT in the U.S. market and three levels of trade in the home market and did not distinguish between customer class within a LOT. The petitioners argue that the Department should reject Borusan's claimed distinctions between LOTs A (mill direct sales) and B (reseller back-to-back sales) and combine them into one LOT. They contend the selling functions between Borusan's claimed levels of trade show little differences in the sales staff functions between Borusan and its affiliates—only a difference in that LOT B involves handling of sales paperwork. The petitioners cite to the Department's proposed regulations (Proposed Regulations at 61 FR 7348), noting that ''small differences in the functions of the seller will not alter the level of trade.'' According to the petitioners, the sales functions performed at LOT B are similar to those performed for export

[4] Contrary to the petitioners' argument, during the sales verification the Department verified the cost differences between standard pipe and similar pipe covered with bitumen using the identical procedures followed at the cost verification. *See* sales verification report at 5–6, stating that the cost differences were verified ''using the same procedures followed in the [cost] verification''; see also sales verification exhibit 19, including Borusan records supporting the costs in question. Also, we note that Borusan did not volunteer the difmer data for bitumen-coated products; these data were requested by the Department's verifiers. *See* sales verification report at 5.

sales. Thus, the petitioners argue that no adjustment should be made between U.S. sales and home market sales of LOT B.

The petitioners further argue that the Department should continue to make no distinctions between customer class within a LOT because the record does not indicate any consistent pricing differences between the customer classes within the claimed levels of trade.

Finally, the petitioners argue that no LOT adjustment should be granted for LOT C sales (reseller inventory sales) because any adjustments for differences in levels of trade must be linked to differences in selling functions resulting in a consistent pattern of price difference. They argue that Borusan did not establish such a link nor any consistent patterns of price differences.

Borusan states that the Department was correct in its analysis of the levels of trade in the preliminary results. It argues that it has demonstrated three distinct levels of trade in the home market, which the Department verified. Its LOT A sales involve high volume sales to a small number of customers; LOTs B and C involve smaller quantities and have relatively higher selling expenses. Borusan claims that this results in higher prices for sales at LOT B and C than those at LOT A. It further notes that the Department, in its own analysis, found a consistent pattern of price differences between sales at the different levels of trade in its preliminary results. Thus, Borusan argues that the Department should continue to make the same distinctions in the final results.

DOC Position

We agree with the petitioners with respect to finding one LOT for Borusan's claimed LOTs A and B. As discussed above in the ''Level of Trade'' section, the Department first examines whether there are separate market stages in a particular market. In this case, we found that there were two stages. The Department must then determine whether there are identical selling functions between the market stages. In this case, the selling functions examined are stated in the ''Level of Trade'' section above. (In the preliminary results, we also examined agent coordination of production and delivery and general vs. specialty sales staff—we discuss these two functions below as well.) We found that the selling functions were identical between Borusan's claimed LOTs A and B. Thus, we combined these sales into one LOT. See Memorandum from the Team to the File, dated December 17, 1996.

In our preliminary results, we considered agent coordination of production and delivery and general vs. specialty sales staff to be selling functions in our LOT analysis. At verification, we noted the differences between the sales staff among the Borusan Group. (We confirmed that the home market resellers had a general sales staff whereas Borusan and Dagitim had specialty sales staff.) However, the SAA states that ''a sales subsidiary created merely to perform the role of a *de facto* sales department is not an appropriate basis for adjustment.'' Thus, for purposes of these final results, we did not consider these to be selling functions and did not incorporate them into the LOT analysis.

Finally, we agree with the petitioners with respect to not making a LOT adjustment for Borusan. However, we note the Department will normally make a LOT adjustment when there are consistent price differences at different levels of trade, not customer categories as stated by the petitioners. As discussed above in the ''Level of Trade'' section, we found that there were no consistent price differences between the two home market levels of trade. Thus, we made no adjustment when comparing U.S. sales to home market sales made at the non-identical level of trade.

Comment 4: Countervailing Duty Adjustment

A. Formula. The petitioners argue that Borusan's calculation of the amount of countervailing duty (CVD) to be added to U.S. selling price is incorrect. They argue that the Department should instead simply apply the CVD rate (7.26%) to the entered value of each transaction and use that amount for the addition and the rebate of CVD duties.

Borusan contends that the formula used to calculate the CVD adjustment is accurate and was examined by the Department at verification. Thus, the Department should use Borusan's reported amounts in its final results.

DOC Position

We tested the formula used by Borusan for the individual sales that were examined at verification and noted no discrepancies. See sales verification report (at page 9). Thus, we have used the values reported by Borusan in its sales listings for our calculations of export price.

B. Adjustment to export price. The petitioners argue that the Department must, in calculating export price, deduct funds that Borusan provides to its customers equal to the amount of countervailing duties. The petitioner contends that these payments are rebates, and that the Department normally reduces U.S. price by the amount of such rebates. Borusan argues that while applicable precedent supports the addition of countervailing duties in the export price calculation, it prohibits the Department from treating Borusan's payments to the importer of amounts equal to the countervailing duty as rebates.

DOC Position

We agree that the statute requires that we add to the price in the United States the amount of countervailing duties attributable to export subsidies, and have done so. However, the payments to Borusan's unaffiliated customer's amounted to a post-sale price adjustment or rebate and have been deducted in the calculation of export price.

Comment 5: Antidumping Duties

The petitioners contend that Borusan made an agreement to reimburse antidumping duties. Borusan argues that the petitioners' allegation is false because it has never reimbursed, nor agreed to reimburse, its customers for antidumping duties. Borusan further contends that the Department found no evidence of such at verification.

DOC Position

We agree with Borusan. The Department found no evidence of reimbursement of antidumping duties. Because of the proprietary nature of this comment, we are unable to further discuss this issue; a complete discussion of the issue is contained in a decision memorandum. *See* Memorandum from the Team to Barbara R. Stafford, dated December 23, 1996.

Comment 6: Duty Drawback

The petitioners argue that Borusan is not entitled to a drawback adjustment because its exported eligibility ratios exceeded certain limitations on drawback allowed by the Turkish government. They contend that Borusan's duty drawback should not be allocated to sales that were not eligible to receive such a drawback; to do so would violate the Department's duty drawback test, which requires importation of sufficient duty-exempted raw materials to cover the exports against which drawback is claimed. (See Steel Wire Rope from the Republic of Korea, 60 FR 63499, 63505–06 (December 11, 1995) (SWR from Korea).) They argue that, although the Turkish government allows this to occur, the adjustment must meet the Department's test.

Borusan argues that it reported drawback that it had actually received and that it complied with the Turkish provisions. It notes that the Department fully verified the drawback documentation and traced the information to Borusan's accounting records.

DOC Position

We agree with Borusan. In determining whether a duty drawback adjustment is appropriate, the Department applies a two-prong test to establish that: (1) The import duty and rebate are directly linked to, and dependent upon, one another; and (2) there were sufficient imports of raw materials to account for the drawback received on the exported product. See, *e.g.*, SWR from Korea.

Based on information contained in Borusan's questionnaire responses and on the Department's findings at verification, the respondent's methodology for calculating a duty drawback adjustment meets both elements of the test.

It is not disputed that Borusan meets the Department's first requirement. Regarding the second requirement, the Department verified Borusan's drawback applications, which documented sufficient imports of raw materials to account for the drawback claimed. In the drawback applications reviewed by the Department, it was shown on import certificates that sufficient imports of raw materials existed for the claimed exported amounts of finished pipe. Thus, duty drawback is being applied to all of Borusan's U.S. sales.

Comment 7: Credit Expense

The petitioners argue that the Department should calculate a single interest rate for credit expenses on both the U.S. and home markets because it treats money as fungible. They note that in Certain Welded Carbon Steel Pipes and Tubes from Thailand; Final Results of Antidumping Duty Administrative Review, 61 FR 56515, 56519 (November 1, 1996), the Department allowed the respondents to move credit expenses on imported coil purchases to the companies' SG&A from cost of manufacture on the basis that such financing is fungible. According to the petitioners, the Department should consider whether a company's foreign- and domestic-currency-denominated borrowing should be equally applied to all sales.

Borusan states that the Department's longstanding practice is to calculate credit expenses using a weighted-average short-term borrowing rate which reflects the currency in which the sale was invoiced (see Final Determination of Sales at Less Than Fair Value: Disposable Pocket Lighters from Thailand, 60 FR 14263, 14269 (March 16, 1995)). According to Borusan, interest rates are not fungible; they are tied to inflation rates of the currency in which the loan is denominated. Borusan cites a recent Departmental determination, where the Department stated that ''the measure of the company's extension of credit would be based on an interest rate tied to the currency in which its receivables are denominated'' (see Final Determination of Sales at Less Than Fair Value: Oil Country Tubular Goods from Austria, 60 FR 33551, 33555 (June 28, 1995) (OCTG from Austria)).

DOC Position

We agree with Borusan. As the Department has noted in a recent investigation:

> A company selling in a given currency * * * is effectively lending to its purchasers in the currency in which its receivables are denominated * * * for the period from shipment of its goods until the date it receives payment from its purchaser. Thus, when sales are made in, and future payments are expected in, a given currency, the measure of the company's extension of credit should be based on an interest rate tied to the currency in which its receivables are denominated. Only then does establishing a measure of imputed credit recognize both the time value of money and the effect of currency fluctuations on repatriating revenue.

See OCTG from Austria, 60 FR 33551, 33555. Thus, based on the Department's practice, we are valuing credit expenses using the interest rate applicable to the currency of the sale.

We find the petitioners argument regarding fungibility to be misguided. The Department's policy of using the interest rate applicable to the currency of a sale reflects the commercial reality that different currencies have different costs of borrowing.

Comment 8: CV Profit

The petitioners argue that the Department should base its CV profit calculation on above-cost sales and sales made at arm's length, in accordance with 19 U.S.C. 1677b(e)(2)(A) and 1677(15). According to the petitioners, the Department stated in Pipe from Thailand that its policy is to include only above cost sales in its calculation of profit.

Borusan states that the statute does not limit the sales to be used by the Department in calculating average profit, other than that the sales must be from the same ''general category of products.'' Borusan notes that the SAA states that the ''general category of merchandise'' will encompass a category broader than the foreign like product and that the Department has the discretion to determine the general categories. SAA at 840. It argues that the statute does not imply that the exclusion of below-cost sales (19 U.S.C. 1677b(e)(2)(A)) is applicable to the alternative methodologies (19 U.S.C. 1677b(e)(2)(B)). Borusan claims that this interpretation was upheld by the Court of International Trade in *Torrington* v. *United States*, Slip. Op. 96–163 (CIT October 3, 1996). According to Borusan the statute states that for determining the amount of profit used for constructed value, the profit will be based on the ''actual amounts incurred and realized'' by the producer ''in connection with the production and sale of a foreign like product.'' Thus, Borusan argues that the Department should include below cost sales in its profit calculation.

DOC Position

Section 773(e)(2)(A) of the Act specifies that profit for CV be computed using only those sales of the foreign like product that were made in the ordinary course of trade. Section 771(15) of the Act, in turn, provides that sales and transactions considered outside the course of trade include, ''among others,'' sales disregarded under section 773(b)(1) pursuant to the cost test and under section 773(e)(2) as not at arm's length. See also SAA at 839–40. We found that Borusan had made sales in the home market that were disregarded either pursuant to the cost test or because they were not at arm's length (see the ''Normal Value'' and ''Cost of Production Analysis'' sections above). Thus, we have not used these sales in computing profit for CV.

The *Torrington* case cited by Borusan relates to the law as it existed before January 1995. In that case, the profit amount discussed was the statutory minimum of eight percent. As noted above, this practice has been superseded by the new statute.

Comment 9: Clerical Errors Contained in the Preliminary Results

Borusan states that the Department made the following clerical errors in its preliminary results: (1) It failed to deduct advertising and warranty expenses in calculating normal value when it had deducted these expenses in the LOT adjustment program; and (2) it eliminated certain products from the matching analysis that should have been included.

The petitioners agree that advertising and warranty expenses should be deducted. However, the petitioners argue that the products in question should not be included in the product concordance (*i.e.*, the matching analysis) and further argue that any products produced to the DIN 2458 specification should also be excluded. The petitioners contend that (a) the excluded products have not been proven to be an appropriate match to ASTM A–53 (U.S. products) as has the DIN 2440/44 standard; (b) DIN 2458 is not listed with other standard pipe products in Borusan's product brochure; and (c) the excluded products are made to nonstandard diameters.

DOC Position

We agree with Borusan. We have corrected for these errors in our final results. At verification, we examined those products that were excluded from our product comparison analysis. We found that all products but one—boiler tube—were subject merchandise, and, therefore, should have been included in our product comparisons.

B. Erbosan

Comment 1: Facts Available

The petitioners argue that the Department should base its final results for Erbosan on total adverse facts available for the following reasons: (1) Erbosan failed to comply with the Department's regulations regarding service of questionnaire responses; and (2) Erbosan's data is unusable. Regarding the first point, the petitioners contend that they were not served with Erbosan's questionnaire response until seven months after it was filed with the Department. A supplemental questionnaire response was filed without much supporting documentation and, according to the petitioners, contained serious deficiencies with the reported variable costs of manufacture. Thus, a large proportion of information was provided to the Department at verification which they had no opportunity to review. Furthermore, the petitioners argue that the verification exhibits were unreadable. Overall, the petitioners argue, Erbosan's failure to provide this information in proper form and on a timely basis precluded them from filing an allegation of sales made below the COP.

Regarding its second point, the petitioners contend that Erbosan's data is unusable because: (a) It failed to differentiate between grades of pipe; and, (b) there is a high rate of errors for its reporting of the dates of sale. If the Department does not find that adverse facts available is appropriate, they suggest applying an additional difference-in-merchandise adjustment for the differences in the grades.

The petitioners argue that with the absence of its due process rights[5] and usable data, the Department should base the final results for Erbosan on facts available. As facts available it should choose either (a) 28.28 percent, the highest margin assigned to any Turkish respondent since the order; or (b) the margin resulting from the use of Erbosan's submitted data.

Erbosan contends that it tried to cooperate and follow the Department's procedures to the best of its ability, without any outside assistance. It notes that, although late, the petitioners did receive Erbosan's questionnaire response and has possessed all of Erbosan's submissions for several months. It also notes that the petitioners did not argue that they had insufficient time to review information to provide comments on the Department's verification or preparing their case brief. Further, the petitioners were aware at the time of the preliminary determination that the Department would be requesting additional information from Erbosan and that it might use Erbosan's information for the final results. Erbosan agrees that certain copies of the verification exhibits were illegible, but notes that the petitioners did not request more legible copies. Erbosan contends that the petitioners had ample time to comment on the information submitted on the record and defend their interest in this proceeding. Therefore, the Department should not base Erbosan's final margin on facts available.

Regarding the grade differences, Erbosan argues that the record shows that there is no difference in its cost of producing both grades. It notes that the Department verified this and noted this in its verification report. Erbosan believes that, even if it should have reported the grades separately, it does not render the response unusable.

Regarding the misreporting of the dates of sale, Erbosan contends that the sales in question are outside the POR. It notes that the Department found no other occurrences in which the date of sale was reported in the wrong month. Thus, Erbosan argues that this is a minor error and does not undermine the data used for purposes of the Department's analysis.

DOC Position

We disagree with the petitioners that the Department should determine Erbosan's submissions as untimely and/or unusable and resort to total adverse facts available for the final results. As described in the preliminary results, a number of extenuating circumstances prevented the petitioners and the Department from performing adequate analyses of Erbosan's data before the preliminary results. Among these reasons are the delayed issuance of the questionnaire and, therefore, of receipt of the questionnaire response, and the extended closures of the Department due to a blizzard and the Federal budget crisis. This led to the Department's decision to assign facts available for the preliminary results, present an additional supplemental questionnaire to Erbosan, and verify Erbosan's response to that supplemental questionnaire.

We agree that the petitioners were not initially served with Erbosan's questionnaire response until seven months after it was filed with the Department. However, we disagree that this precluded the petitioners from making a cost allegation. In the case of Borusan, the petitioners were granted their request for additional time for filing of a sales below cost allegation despite the late date at which Borusan's questionnaire responses were submitted to the Department. Likewise, the petitioners could have made a similar request in the case of Erbosan.

We agree with the petitioners that there was not much support documentation on the record prior to verification and the reported variable costs of manufacture were deficient. However, as explained in the notice of preliminary results, although the Department requested the respondent to support its claim that there were identical matches for all U.S. sales, the Department failed to note the apparent discrepancy in the respondent's initial questionnaire response that differences in merchandise did exist. Furthermore, the Department failed to address Erbosan's claim that the Turkish economy was hyperinflationary at the time of the POR by providing standard instructions regarding administrative reviews conducted within hyperinflationary economies. (These instructions were provided to Borusan when the Department re-issued section D of the questionnaire with the

[5] The petitioners cite to (1) the statute which states that "[i]nformation that is submitted on a timely basis to the [Department] * * * shall be subject to comment by other parties to the proceeding" (see 19 U.S.C. 1677m(g)); and (2) the SAA which states "all interested parties be informed of the essential facts under consideration that form the basis for a determination in sufficient time for the parties to the proceeding to defend their interest" (see H. Doc. No. 316, 103d Cong., 2d See. 871).

hyperinflation text.) Therefore, we find Erbosan's failure to report its cost data properly as inadvertent, not uncooperative.

Regarding the additional points the petitioners raised with respect to Erbosan's data as unusable, we disagree that Erbosan failed to differentiate between grades of pipe or that there is a high rate of errors for reporting dates of sale. Under section 776(a)(2)(D) of the Act, the Department is authorized to use facts available if an interested party provides necessary information, but the information cannot be verified. In this case, however, based on our verification findings, we find that Erbosan's cost data and sales data are accurate. Regarding the cost data, we found no distinction between the steel costs of grade A and grade B, and that Erbosan's cost accounting records indicate the cost of steel is inclusive of both grades for all products. Therefore, we disagree that the Department should apply an additional difmer adjustment for the differences in grades. Regarding the sales data, we find that the incorrect dates of sale for certain transactions resulted in either those sales now being outside the POR or resulted in minor changes in the month the sale was made for the remaining transactions. Since Erbosan's errors are minor in nature, we made the necessary corrections based on our verification findings and are using Erbosan's data in the final results.

Comment 2: Correction for Errors Found at Verification

The petitioners contend that, if the Department does not base the margin on facts available, it should correct for the errors discovered at verification. These errors include omitted home market sales, understated brokerage and handling, overstated discounts for home market sales, and incorrect variable and total costs of manufacture (including the grade differences as mentioned above in Comment 1).

Erbosan agrees that these errors, except for the grade differences (as noted in Comment 1), should be corrected for the final results.

DOC Position

We agree with the respondent. Except for the adjustment for steel grade differences, we have corrected the errors identified above in the final results. We did not make adjustment for steel grade differences to variable and total costs of manufacture because we found no difference between actual costs for pipes with different grades, but with the same dimension and size, sold in either market. Moreover, we found no cost difference between grade A and grade B steel in Erbosan's accounting records.

Final Results of Review

As a result of our review, we determine that the following margins exist for the period May 1, 1994, through April 30, 1995:

Manufacturer/ exporter	Review period	Margin (percent)
Borusan	5/1/94–4/30/94	3.15
Erbosan	5/1/94–4/30/94	25.01

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs.

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 this administrative review, as provided by section 751(a) of the Act: (1) The cash deposit rate for Borusan and Erbosan will be the rate established above; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the original less than fair value (LTFV) investigation or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in this review, or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the manufacturer of the merchandise in these final results of review or the LTFV investigation; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review, the cash deposit rate will be 14.74 percent, 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 also serves as final reminder to importers of their responsibility to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with 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 is the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 C.F.R. 353.34(d). Failure to comply is a violation of the APO.

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 C.F.R. 353.22.

Dated: December 24, 1996.

Jeffrey P. Bialos,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–33296 Filed 12–30–96; 8:45 am]

BILLING CODE 3510–DS–P

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Announcement of Import Restraint Limits for Certain Wool and Man-Made Fiber Textile Products Produced or Manufactured in Bulgaria

December 24, 1996.

AGENCY: Committee for the Implementation of Textile Agreements (CITA).

ACTION: Issuing a directive to the Commissioner of Customs establishing limits.

EFFECTIVE DATE: January 1, 1997.

FOR FURTHER INFORMATION CONTACT: Naomi Freeman, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482–4212. For information on the quota status of these limits, refer to the Quota Status Reports posted on the bulletin boards of each Customs port or call (202) 927–5850. For information on embargoes and quota re-openings, call (202) 482–3715.

SUPPLEMENTARY INFORMATION:

Authority: Executive Order 11651 of March 3, 1972, as amended; section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Uruguay Round Agreements Act.

Pursuant to the Uruguay Round Agreements Act and the Uruguay Round Agreement on Textiles and Clothing (ATC), the Bilateral Textile Agreement, effected by exchange of notes dated April 22 and May 2, 1996, between the Governments of the United States and Bulgaria establishes limits for the period beginning January 1, 1997 and extending through December 31, 1997.

In the letter published below, the Chairman of CITA directs the