SUPPLEMENTARY INFORMATION:

Title: National Animal Health Monitoring System.

OMB Number: 0579–0079.

Expiration Date of Approval: September 30, 1996.

Type of Request: Extension of a currently approved information collection.

Abstract: The primary objective of the National Animal Health Monitoring System (NAHMS) program of the Animal and Plant Health Inspection Service (APHIS) is to deliver statistically-valid and scientifically-sound animal health information to consumers, animal health officials, private practitioners, animal industry groups, policy makers, public health officials, media, educational institutions, and others. Information is derived from data voluntarily collected on a national basis from producers in the dairy, beef, poultry, aquaculture, sheep, swine, and equine industries. In addition, information may be collected from individuals or groups with industry knowledge of the scope, causes, and public health and/or economic consequences of new and emerging animal health issues. The information collected is used to identify baseline trends in health management practices and disease, determine risks for new and emerging animal health issues, and assess the economic impact of animal diseases and management practices.

The APHIS Strategic Plan formalized the Agency's initiative to have in place a proven national monitoring system that is capable of defining and certifying the health and safety status of the Nation's animal commodities and objectively assessing the economic, environmental, and public health implications of animal health. The National Animal Health Monitoring System is implementing the action plan by collecting data and disseminating information that is not available from other sources on the prevalence and economic importance of livestock and poultry health and disease. Emerging issues and disease outbreaks involving interrelationships among animal health, public health, economic productivity, and global trade are also being addressed through short-term data collection, risk assessments, and situation analyses.

The purpose of this notice is to solicit comments from the public (as well as affected agencies) concerning our information collection. We need this outside input to help us:

(1) Evaluate whether the proposed information collection is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of our estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who choose to respond, through use, as appropriate, of automated, electronic, mechanical, and other collection technologies, e.g., permitting electronic submission of responses.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 1.46 hours per response.

Respondents: Animal agriculture producers, veterinary practitioners, State and private diagnostic laboratories, State departments of agriculture, and animal-related industries.

Estimated Number of Respondents: 7,110.

Estimated Number of Responses per Respondent: 1.

Estimated Total Annual Burden on Respondents: 4,868 hours.

All responses to this notice will be summarized and included in the request for Office of Management and Budget approval of the information collection.

Done in Washington, DC, this 24th day of April 1996.

Lonnie J. King,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 96–10649 Filed 4–29–96; 8:45 am]

BILLING CODE 3410–34–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–843]

Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China

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

EFFECTIVE DATE: April 30, 1996.

FOR FURTHER INFORMATION CONTACT: Katherine Johnson at (202) 482–4929, Shawn Thompson at (202) 482–1776, or James Terpstra at (202) 482–3965, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

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 by the Uruguay Rounds Agreements Act (URAA).

Final Determination

As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, the deadline for the final determination in this investigation has been extended by 28 days, *i.e.*, one day for each day (or partial day) the Department was closed. As such, the deadline for this final determination is no later than April 22, 1996.

We determine that bicycles from the People's Republic of China (PRC) are being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the ''Suspension of Liquidation'' section of this notice.

Case History

Since the preliminary determination on November 1, 1995 (60 FR 56575, November 9, 1995), the following events have occurred:

On November 6, 1995, Bo An Bike Co., Ltd. (hereinafter Bo An), CATIC Bicycle Co., Ltd. (hereinafter CATIC), Shenzhen China Bicycles Co. (Holdings) Ltd. (hereinafter CBC), Giant China Co., Ltd. (hereinafter Giant), Hua Chin Bicycle Co., Ltd. (hereinafter Hua Chin), Merida Industry (Hong Kong) Co., Ltd./ Merida Bicycle Co., Ltd. (hereinafter Merida), Shenzhen Overlord Bicycle Co., Ltd. (hereinafter Overlord), and Universal Cycle Corp. (hereinafter Universal) requested a postponement of the final determination pursuant to 19 CFR 353.20. On November 9, 1995, Chitech Industries, Ltd. (Hong Kong) (and affiliated parties Tandem Industries, Ltd. (Hong Kong), Magna Technology Corp. (Taiwan), Taiwan Tandem Co., Ltd. (Taiwan), and Shun Lu Bicycle Co. (aka Shunde Tandem Bicycle Parts Company) (hereinafter Chitech) made a similar request.

On November 9 and 20, 1995, respondents alleged clerical errors in the preliminary determination. Also, on

November 20, 1995, petitioners and all respondents, except Chitech, requested a hearing. On December 4, 1995, the Department amended the preliminary determination and postponed the final determination. (*See, Amendment to Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Bicycles from the People's Republic of China,* 60 FR 64016 (December 13, 1995)).

In December, January, and February, we verified the respondents' questionnaire responses. Additional published information (PI) on surrogate values was submitted by petitioners and respondents on March 6, 1996. Petitioners and respondents submitted case briefs on March 26, 1996, and rebuttal briefs on April 2, 1996. A public hearing was held on April 3, 1996.

On January 31 and February 5, 1996, Chitech and CBC, respectively, requested that the Department reconsider its decision not to publish an amended preliminary determination with respect to these two companies. On February 9, 1996, these requests were denied.

Finally, the respondents have made numerous submissions requesting that the Department rescind the investigation (*See,* Comment 7 in the *General Comments* section below).

Scope of Investigation

The product covered by this investigation is bicycles of all types, whether assembled or unassembled, complete or incomplete, finished or unfinished, including industrial bicycles, tandems, recumbents, and folding bicycles. For purposes of this investigation, the following definitions apply irrespective of any different definition that may be found in Customs rulings, U.S. Customs law, or the Harmonized Tariff Schedule of the United States (HTSUS): (1) The term ''unassembled'' means fully or partially unassembled or disassembled; (2) the term ''incomplete'' means lacking one or more parts or components with which the complete bicycle is intended to be equipped; and (3) the term ''unfinished'' means wholly or partially unpainted or lacking decals or other essentially aesthetic material. Specifically, this investigation is intended to cover: (1) Any assembled complete bicycle, whether finished or unfinished; (2) any unassembled complete bicycle, if shipped in a single shipment, regardless of how it is packed and whether it is finished or unfinished; and (3) any incomplete bicycle, defined for purposes of this investigation as a frame, finished or unfinished, whether or not assembled together with a fork, and imported in the same shipment with any two of the following components: (a) The rear wheel; (b) the front wheel; (c) a rear derailleur; (d) a front derailleur; (e) any one caliper or cantilever brake; (f) an integrated brake lever and shifter, or separate brake lever and click stick lever; (g) crankset; (h) handlebars, with or without a stem; (i) chain; (j) pedals; and (k) seat (saddle), with or without seat post and seat pin.

The scope of this investigation is not intended to cover bicycle parts except to the extent that they are attached to or in the same shipment as an unassembled complete bicycle or an incomplete bicycle, as defined above.

Complete bicycles are classifiable under subheadings 8712.00.15, 8712.00.25, 8712.00.35, 8712.00.44, and 8712.00.48 of the 1995 HTSUS. Incomplete bicycles, as defined above, may be classified for tariff purposes under any of the aforementioned HTSUS subheadings covering complete bicycles or under HTSUS subheadings 8714.91.20–8714.99.80, inclusive (covering various bicycle parts). The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation is April 1, 1994, through March 31, 1995.

Separate Rates

Four of the responding exporters in this investigation are located outside the PRC. They are Merida, Giant, Hua Chin and Chitech. Further, there is no PRC ownership of any of these companies. Therefore, we determine that no separate rates analysis is required for these exporters because they are beyond the jurisdiction of the PRC government. (*See, e.g., Final Determination of Sales at Less Than Fair Value: Disposable Pocket Lighters from the People's Republic of China,* 60 FR 22359, 22361, (May 5, 1995)).

The remaining five respondents are either joint ventures between Chinese and foreign companies or are Chinese-owned companies publicly traded on the Shenzhen stock exchange. They are CATIC, CBC, Overlord, Universal, and Bo An. For these respondents, a separate rates analysis is necessary to determine whether the exporters are independent from government control.

To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China,* 56 FR 20588, (May 6, 1991) (*Sparklers*) and amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China,* 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). Under the separate rates criteria, the Department assigns separate rates in non-market-economy cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

1. Absence of De Jure Control

The respondent have placed on the administrative record a number of documents to demonstrate absence of *de jure* control, including laws, regulations, and provisions enacted by the State Council of the central government of the PRC. Respondents have also submitted documents which establish that bicylcles are not included on the list of products that may be subject to central government export constraints. The Department has reviewed these and other enactments in prior cases and has previously determined that these laws indicate that the responsibility for managing state-owned enterprises has been shifted from the government to the enterprise itself (*See, Silicon Carbide* and *Final Determination of Sales at Less Than Fair Value: Furfuryl Alchohol from the People's Republic of China,* 60 FR 22544. (May 8, 1995) (*Furfuryl Alcohol*)). In addition, as discussed in the *Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils from the People's Republic of China,* 59 FR 55625, (November 9, 1994) (*Pencils*), the laws governing share companies have not altered the devolution of control.

However, as stated in previous cases, there is some evidence that the PRC central government enactments have not been implemented uniformly among different sectors and/or jurisdictions in the PRC (*See Silicon Carbide* and *Furfuryl Alcohol*). Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

2. Absence of De Facto Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices are set by or subject to the approval of a governmental authority; (2) whether

the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses (*See, Silicon Carbide* and *Furfuryl Alcohol*).

Each respondent has asserted and we verified the following: (1) it establishes its own export prices; (2) it negotiates contracts, without guidance from any governmental entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales, uses profits according to its business needs and has the authority to sell its assets and to obtain loans. In addition, respondents' questionnaire responses indicate that company-specific pricing during the POI does not suggest coordination among exporters. During verification proceedings, Department officials viewed such evidence as sales documents, company correspondence, and bank statements. Regarding personnel decisions, we reviewed such evidence as the discussion of the selection of the board of directors in contracts between joint venture companies and minutes from the board of director meetings. This information supports a finding that there is a *de facto* absence of governmental control of export functions. Consequently, we have determined that the above-mentioned respondents have met the criteria for the application of separate rates.

China-Wide Rate

Six of the mandatory respondents did not respond to the questionnaire. Hence, we are applying a single antidumping rate to these exporters as well as all other exporters of PRC-manufactured bicycles based on our presumption that the export activities of these respondents who failed to completely respond and to establish that they meet the criteria for a separate rate are controlled by the PRC government. (*See,* Comments 8 and 9 in the *General Comments* section below).

Facts Available

Pursuant to sections 776(a) and (b) of the Act, we have based the China-wide rate on facts available, using adverse inferences, because the non-responding companies have failed to cooperate to the best of their ability. Given that this margin involves data contained in the petition, we are required to corroborate this data, to the extent practicable, pursuant to section 776(c) of the Act. (*See,* also, Statement of Administrative Action (SAA) at 200). We have identified several major items (*i.e.*, depreciation, interest, and profit, as well as the factor values for frames, forks, and rims) contained in the petition which individually comprise a significant portion of the normal value (NV) calculations. We compared the data in the petition to secondary data which includes but is not limited to the same type of data used as the basis for the petition and the audited financial reports of two of the largest Indian bicycle producers.

As a result of our analysis, we found that, with the exception noted immediately below, the secondary information for these factor values are comparable to those provided in the petition. Accordingly, this petition information has been corroborated.

However, after analyzing the figure contained in the petition for depreciation, interest and profit, we found, as did both petitioners and respondents, that this figure does not reflect usual cost and profit in the Indonesian bicycle industry. Specifically, the 1992 figure of 57.91 percent provided in the petition does not correspond with the 1993 figure of 22.84 percent and the 1991 figure of 22 percent provided by respondents on September 19 and 25, 1995. (For further discussion *see* Memorandum to Barbara R. Stafford re: Factors Valuation dated November 1, 1995). Therefore, we find that the 57.91 percent figure is not corroborated (*i.e.*, has no probative value in determining depreciation, interest, and profit).

We have used the 1991 figure for depreciation, profit, and interest in recalculating the margins in the petition. We did not use the more current 1993 figure because the study containing it was issued only in draft form.

Fair Value Comparisons

To determine whether sales of bicycles from the PRC to the United States were made at LTFV, we compared Export Price (EP) and/or Constructed Export Price (CEP) to the NV, as specified in the ''United States Price'' and ''Normal Value'' sections of this notice.

United States Price

For all responding exporters, with the exception of CATIC, which had only CEP sales, we based United States Price (USP) on EP in accordance with section 772(a) of the Act, as the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and CEP methodology was not otherwise indicated.

In addition, for Giant, CBC, CATIC, and Chitech, where sales to the first unaffiliated purchaser took place after importation into the United States, we based USP on CEP, in accordance with section 772(b) of the Act.

We corrected respondents' data for errors and omissions found at verification. *See,* Concurrence Memorandum and company-specific calculation memoranda for details. In addition, we made company-specific adjustments as follows:

1. Bo An

We calculated EP based on packed, FOB Hong Kong port prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for foreign inland freight and brokerage and handling (which includes containerization, documentation fees, the Hong Kong terminal handling charge and PRC brokerage costs) and Hong Kong duty. As all foreign inland freight and brokerage and handling were provided by PRC suppliers, these services were valued in India.

2. CBC

We calculated EP and CEP based on packed, delivered prices to unaffiliated customers. Where appropriate, we made deductions from the starting price for discounts and rebates and credit notes. We also made deductions, where appropriate, for foreign inland freight, foreign brokerage and handling, Hong Kong duty, U.S. freight and warehousing expenses, ocean freight and marine insurance, and U.S. duty and harbor fees. With the exception of foreign inland freight, movement charges were provided by market-economy suppliers and paid for in market-economy currency. Regarding foreign inland freight, this service was provided by a PRC supplier. Accordingly, we valued this expense in India.

Further, we made additions to CEP for interest revenue received from the unaffiliated customers. In accordance with section 772(d)(1) of the Act, we deducted from CEP the following expenses that related to economic activity in the United States: commissions, direct selling expenses, including advertising, warranties, and credit expenses, and indirect selling expenses, including inventory carrying costs. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act. (*See,*

Comments 1 and 2 in the *General Comments* section below.)

3. CATIC

We calculated CEP based on packed, FOB U.S. warehouse prices, or delivered prices, to unaffiliated customers. We made deductions from the starting price for discounts, where appropriate. We also made deductions for foreign brokerage and handling, freight expenses, ocean freight and marine insurance, U.S. brokerage and handling, and U.S. duty and harbor fees. We deducted from CEP the following expenses that related to economic activity in the United States: commissions, direct selling expenses, including advertising, warranty, credit, and repacking, and indirect selling expenses, including inventory carrying costs. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act. (*See,* Comments 1 and 2 in the *General Comments* section below.)

4. Giant

We calculated EP and CEP based on packed, FOB PRC port or CIF U.S. port or delivered prices to unaffiliated purchasers. We made deductions from the starting price, where appropriate, for the following: foreign brokerage and handling, U.S. brokerage, international freight (which includes U.S. inland freight), U.S. duty, loading and containerization, and marine insurance (which also includes U.S. inland insurance, harbor maintenance fees and merchandise processing fees). All of the above expenses were provided by market-economy carriers and paid for in market-economy currencies. We also deducted an amount for foreign inland freight but since this service was provided by a PRC supplier, we valued this expense in India. We also deducted from the starting price, where appropriate, discounts and rebates.

In accordance with section 772(d)(1) of the Act, we deducted from CEP the following expenses that related to economic activity in the United States: direct selling expenses, including warranties, advertising, and credit expenses, and indirect selling expenses, including inventory carrying costs. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act. (*See,* Comments 1 and 2 in the *General Comments* section below.)

5. Hua Chin

We calculated EP based on packed, FOB Hong Kong port prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for foreign inland freight and Hong Kong terminal handling fees. As all foreign inland freight and handling fees were provided by PRC suppliers, these services were valued in India.

6. Merida

We calculated EP based on packed, FOB Hong Kong port prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for foreign inland freight and brokerage and handling (which includes containerization, documentation fees, the Hong Kong terminal handling charge and PRC brokerage costs) and Hong Kong duty. As all foreign inland freight and brokerage and handling were provided by PRC suppliers, these services were valued in India.

7. Overlord

We calculated EP based on packed. FOB Hong Kong port prices to unaffiliated purchasers in the United States. We made deductions from the starting price, where appropriate, for foreign inland freight, brokerage and handling and Hong Kong duty. As all foreign inland freight and brokerage and handling were provided by PRC suppliers, these services were valued in India.

8. Chitech

We calculated EP based on packed. FOB Hong Kong prices and CEP based on packed, duty-paid, FOB U.S. warehouse prices to unaffiliated customers. Were appropriate, we made deductions from the starting price for various discounts. We also made deductions for foreign brokerage and handling, freight, Hong Kong import and export fees, terminal handling fees, ocean freight and marine insurance, U.S. brokerage and handling, and U.S. duty and harbor fees.

In accordance with section 772(d)(1) of the Act, we deducted from CEP the following expenses that related to economic activity in the United States: commissions, direct selling expenses, including advertising, warranties, and credit expenses, and indirect selling expenses, including inventory carrying costs. Finally, we made an adjustment for CEP profit in accordance with section 772(d)(3) of the Act. (*See,* Comments 1 and 2 in the *General Comments* section below.)

9. Universal

We calculated EP based on packed, FOB Hong Kong or FOB Huangpu port prices to unaffiliated purchasers in the United States. We made deductions from the starting prices for foreign inland freight, which was provided by a PRC supplier and therefore was valued using Indian surrogate values. In addition, we deducted from the FOB Hong Kong prices terminal handling charges, document fees, import/export declaration fees, handling fees and courier fees.

Normal Value

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by the responding exporters. Where an input was sourced from a market economy and paid for in market-economy currency, we have used the actual price paid for the input to calculate NV, when possible, in accordance with Department practice. *See, Lasko Metal Products v.* United States, 437.3d 1442, 1443 (Fed. Cir. 1994) (*Lasko*).

In instances where inputs were sourced domestically, we valued the factors using PI from India where possible. Where appropriate Indian values were not available, we used PI from Indonesia.

Valuation of Bicycle Parts and Components

As in our preliminary determination, we valued certain parts and components purchased by some respondents in the PRC, using the average market-economy prices reported by other respondents for the same part or component, as discussed below. However, unlike in our preliminary determination, we used the average actual market-economy price reported by the other respondents rather than the ranged public version of those prices. We did this because we determined that the manner in which the actual prices were ranged, *i.e.,* either higher or lower, could potentially introduce distortion into the calculation. (*See,* Comment 3 in the *General Comments* section below).

The nine responding exporters reported that they purchased a large number of different components (*e.g.,* brake sets) and sub-components (*e.g.* brake arms) for use in assembling finished bicycles. The vast majority of these purchased inputs are sub-components. These inputs, both components and sub-components, vary in terms of material composition (*e.g.,* carbon steel versus aluminum), size, design (*e.g.,* cantilever versus side-pull brakes), and other relevant physical characteristics.

Some inputs were purchased from market-economy suppliers and paid for in convertible currency. Following our normal practice, we used the actual price paid for these inputs, where

possible. However, where the input was not purchased from a market-economy supplier and paid for in a market-economy currency, it was necessary to develop a surrogate value.

For certain components and sub-components, differences in material content and design result in large price differentials. For example, there is a substantial difference in the price of a frame tube made from high-tensile steel versus one made with chrome-molybdenum; therefore, using a surrogate value for a frame tube of high-tensile steel would unreasonably distort the calculation of NV for a bicycle with a chrome-molybdenum frame. In reality, for certain components, a specific design or material composition can result in a distinctly different input.

With respect to the factors of production methodology, the Court of Appeals has noted that ''there is much in the statute that supports the notion that it is Commerce's duty to calculate margins as accurately as possible and to use the best information in doing so.'' *See, Lasko.* Therefore, to minimize distortions and ensure the most accurate margin calculation possible, we developed a hierarchy for selection of surrogate values for parts and components based on the need for specificity with respect to design or material composition or both. Our first choice under that hierarchy is to use data from India (*e.g.*, the component prices from the Delhi Market Report) or Indonesia (*e.g.*, the average unit values from the Indonesian study) if it is specific with respect to design and material composition or if we could not determine, based on the evidence, whether significant variations in the price data stemmed from design or material composition. Where design or material composition appeared to have a significant impact on price but design or material-specific data was not available in a surrogate country, we used the average actual market-economy prices from market-economy suppliers to the PRC. However, we used this data strictly as a second alternative to design- or material-specific data from India or Indonesia, where available.

In one instance, a respondent reported factors of production for a number of piece-parts produced by its affiliated supplier, *e.g.*, fork arms. We did not value those subcomponents because we had no factor values for fork arms. Instead, we valued the smallest component that incorporated these sub-components, *e.g.*, completed fork set.

Other Factor Valuations

Where possible, we used public information for the surrogate values. The selection of the surrogate values was based on the quality and contemporaneity of the data. Where possible, we attempted to value material inputs on the basis of tax-exclusive domestic prices. As appropriate, we adjusted input prices to make them delivered prices. For those values not contemporaneous with the POI, we adjusted for inflation using wholesale price indices or, in the case of labor rates, consumer price indices, published in the International Monetary Fund's *International Financial Statistics.* For a complete analysis of surrogate values, see the Factors Calculation Memorandum to Barbara R. Stafford from the team, dated April 22, 1996.

To value caustic soda, methylene dichloride, zinc hydroxide, oxalic acid, sulfuric acid, nitric acid, chromic nitric acid, tartaric acid, and sodium carbonate we used public information from POI issues of the Indian publication *Chemical Weekly.* For chromic anhydride, various phosphates, various chromates, sodium bichromate, dimethyl benzene, and acetylene and carbon dioxide, we relied on POI import prices contained in *Monthly Statistics.*

Regarding sodium bichromate, sodium chromate, and potassium chromate, we could not find POI prices for these exact inputs. Therefore, we used a POI import price based on a basket category containing chromates and dichromates in *Monthly Statistics* to value these inputs. For dimethyl benzene, we obtained a price for a similar chemical from *Monthly Statistics.*

To value argon gas and oxygen, we relied on 1994 Indonesian price data in the *Statistical Bulletin* because we could not locate a price from Indian publications.

With regard to hydrochloric acid, we relied on a 1993 Indian export price quote from *Chemical Weekly* because the prices for this input in other known Indian publications are based on an Indian import category that is not exclusive to hydrochloric acid (*See, Final Determination of Sales at Less Than Fair Value: Coumarin from the People's Republic of China,* 59 FR 66895 (December 28, 1995.))

We valued degreaser using information from the only known Indian publication which contained such a price, *The Analyst's Import Reference 1993, Chemical & Pharmaceutical Products (The Analyst).*

We valued paint using Indian price data from *Monthly Statistics.* We could not find a material price for solvent (thinner) from publicly available information. Therefore, we used Indian price data from *Monthly Statistics* for a similar chemical, which also dilutes paint.

To value diesel fuel, we used a POI Indian price from the publication *AP Worldstream.* To value liquefied petroleum gas, we used a POI price from the periodical *Financial Times of India.*

For the valuation of electricity, we used an average 1992 industrial rate from the publication *Current Energy Scene in India* because this publication contained data more contemporaneous to the POI than other known publications.

With regard to labor, we used data from the United Nations' publication *Yearbook of Labor Statistics.* Following the method established in the *Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from the PRC,* 61 FR 14062 (March 29, 1996) (*PVA*), we find no basis to assume the skill level of the surrogate value, nor do we have agreement among parties regarding use of this labor rate for skilled and unskilled labor rate assumptions. Thus, we applied a single labor value to all reported labor factors, including indirect labor (*See* Comment 18 below for further discussion).

To value scrap metal, we relied on Indian data from *Monthly Statistics.* We treated the scrap metal as a by-product and deducted its value from the cost of manufacture (COM) for CBC, Chitech, Giant, Merida, and Overlord. This adjustment was not appropriate for the remaining respondents.

For nuts and bolts and screws, we used product-specific published prices contained from the Indonesian publication *Indonesian Foreign Trade Statistics for Imports* (*See* Comment 17 below for further discussion).

For certain subcomponents we had no published prices or publicly ranged market prices from which to choose. Therefore, we valued these specific components based on the content of material (*e.g.*, steel , plastic or rubber). To value components made of steel, we used an average tax-exclusive 1994 domestic steel price from the Indian publication *Statistics for Iron and Steel.* For components made of plastic and/or rubber, we used Indian price data from *Monthly Statistics.*

To value factory overhead, SG&A, and profit, we calculated simple average percentages based on the data from the four financial statements of Indian surrogate producers which are contemporaneous with the POI, *i.e.*, Atlas, Hero, Gujurat and TI. We made certain adjustments to the percentages calculated as a result of reclassifying

expenses contained in the financial reports. We calculated a simple average of the profit ratios for the three Indian surrogate producers which were profitable during the POI. We also included the profit ratio of a fourth company; however, we set this additional profit ratio to zero because this company was not profitable during the POI (*See* Comment 15 below for further discussion).

Finally, to value the packing materials, corrugated cartons, uncorrugated cartons, bubble wrap/foam paper, staples, adhesive tape, rope, packing paper, polypropylene, polyethylene, recycled plastic cups, inner recycled paper boxes, and plastic bags, we relied on Indian data from *Monthly Statistics.* To value glue, we used an average price based on Indian price data for two types of glue products from the publication *Chemical Weekly.*

Critical Circumstances

For purposes of the preliminary determination, we determined that critical circumstances existed only with respect to Hua Chin. However, the margin for Hua Chin in the amended preliminary determination was *de minimis*; in effect, making this issue moot for Hua Chin. Since this amended determination we have not received any information which would cause us to reconsider our analysis. Because Hua Chin's final margin is also *de minimis*, this issue continues to be moot.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by respondents.

Interested Party Comments

General Comments

Comment 1: CEP Deductions and COS Adjustments

According to petitioners, the plain language of Section 772(d) of the Act requires the deduction of all selling expenses from CEP in the calculation of USP. Petitioners assert that the CEP deduction is not contingent upon whether circumstance of sale (COS) adjustments or an offset to NV can be made. Moreover, petitioners note that CEP offsets are no longer automatic under the new law. In line with this argument, petitioners claim that no level of trade (LOT) adjustment or CEP offset is warranted in the instant investigation because the record does not demonstrate that NV is at a more advanced LOT than CEP. However, should the Department decide to make an adjustment, petitioners provide their own calculation showing that this should equal 0.096 percent of COM.

Furthermore, petitioners contend that the Department should make COS adjustments for EP sales, and assert that the Department can differentiate between direct and indirect selling expenses in both the United States and surrogate data if certain assumptions are made. However, petitioners maintain that, if the Department believes that it is difficult to segregate all direct from indirect expenses for EP sales, at a minimum the Department should adjust for U.S. commissions.

Respondents argue that no deduction for CEP selling expenses should be made. Respondents state that such a deduction would blatantly disregard the Department's stated policy concerning selling expenses in non-market-economy (NME) cases. Specifically, respondents contend that, as in past cases, the financial statements used to determine surrogate SG&A do not distinguish between direct and indirect selling expenses. Consequently, respondents assert that any adjustment made for purposes of calculating an offset would require an arbitrary division of these expenses among direct and indirect selling, G&A, and manufacturing expenses. As precedent on this issue, respondents cite *Final Determination of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans from the People's Republic of China*, 56 FR 55271, (October 25, 1991); *Final Determination of Sales at Less Than Fair Value: Refined Antimony Trioxide From the People's Republic of China*, 57 FR 6801 (Feb. 28, 1992); and *Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers From the People's Republic of China,* 58 FR 48833 (Sept. 20, 1993).

However, respondents state that, if a CEP deduction is made, the Department should not add selling expenses to NV. Respondents maintain that the Department has the authority to disregard selling expenses because the language of the NME provision of the statute only requires an addition for *general* expenses. Nonetheless, respondents maintain that, if selling expenses are added to NV, the Department should make a corresponding offset, capped by the amount of the CEP deductions.

Finally, for the same reasons that the data on the record of this case is not suitable for calculating adjustments to NV, respondents contend that this data is likewise unusable for purposes of making COS adjustments.

DOC Position: Regarding the necessity of making CEP deductions, we have reevaluated our practice in this area and have concluded that CEP deductions are required by the plain language of the statute, which states in section 772(c)(2)(d) that CEP ''shall be reduced'' by the selling expenses associated with economic activity in the United States. The statute provides no exception for cases involving non-market-economy countries. Consequently, we have made deductions to CEP for all selling expenses associated with economic activity in the United States, in accordance with our practice. (*See, e.g., Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Pasta from Italy*, 61 FR 1344, (January 19, 1996)) (*Pasta*). However, we disagree with petitioners that we should deduct those U.S. selling expenses incurred in third country markets which are not associated with selling activity occurring in the United States. The SAA makes it clear that we only adjust for selling expenses associated with economic activity in the United States. SAA at 153.

Regarding making an offset to NV, we disagree with respondents that an offset to NV is required in this case. While the statute requires certain adjustments to USP, corresponding adjustments to NV are only required upon a sufficient showing that differences exist justifying the adjustment. *See* section 773(a)(7). In this case, the only information we have about selling expenses is the financial statements of the Indian producers. These do not specify whether Indian home market sales are at any particular LOT or include any particular selling expenses. Therefore, we do not have any basis upon which to determine whether any adjustment to the surrogate expenses is appropriate.

We disagree with petitioners' argument that COS adjustments are required by the statute. Rather, section 773(a)(6)(C) allows NV to be increased or decreased for differences in circumstances of sale as long as ''it has been established to the satisfaction of the administering authority'' that such adjustments are warranted. Given the imprecise nature of the information about selling expenses in the record in this case, we have no basis to conclude that such adjustments are warranted in this case.

Finally, regarding respondents' argument that we should not add selling expenses to NV because the statute only references *general* expenses, we disagree. We have always interpreted

the term general expenses to refer to selling, general, and administrative expenses. Accordingly, we included selling expenses in NV, as is our normal practice.

Comment 2: Profit Deduction from CEP Sales

In addition to deducting selling expenses from CEP, petitioners contend that the plain language in section 772(d) of the Act also requires that profit be deducted from CEP. Petitioners suggest that this deduction be based on the profit of the surrogate producers and the ratio of CEP deductions to total U.S. expenses.

The record of this investigation does not contain sufficient information to calculate actual total profit because, according to respondents, there is no information on actual manufacturing costs and overhead. Accordingly, respondents argue that no deduction for profit should be made.

DOC Position: We agree with petitioners. Section 772(d) of the Act requires the Department to make a deduction for profit associated with CEP selling expenses. Section 772(f) of the Act specifies that, in general, this calculation involves both U.S. and home market total sales, costs, and expenses. In making this calculation in market-economy cases, we have included respondent's home market sales, cost, and expense data in this calculation, *See, e.g., Pasta.* However, in this case we have no home market sales upon which to base this calculation. Instead, we only have usable financial statements of four Indian surrogate producers. In attempting to perform this calculation, we found that there were numerous difficulties in accurately combining the total sales, total cost, and total expense data from these financial statements. This is because these data are expressed in different ways on each financial statement, making any attempt to combine them problematic. Given these difficulties, we determined that petitioners' approach is the most reliable and consistent with the manner in which this calculation is performed in market-economy cases. This approach avoids the difficulties in combining data from the financial statements because the variables are consistently and readily identifiable across the four financial statements. See also ''Concurrence Memo'' for a complete discussion of this issue.

Comment 3: Publicly Ranged Market-Economy Prices

Petitioners agree with the basic methodology used by the Department in the preliminary determination for valuing bicycle components. However, petitioners maintain that the Department's use of average publicly-ranged market-economy prices had the effect of allowing respondents to introduce ''distortions'' into the factor values in the manner in which the prices were ranged. Petitioners argue that the Department should use prices for valuing bicycle components that allow the most accurate margin calculation possible. Petitioners maintain that no proprietary information will be disclosed as long as the Department releases margin calculations under administrative protective order (APO), as was done for the preliminary determination.

Chitech argues that an adjustment to the publicly ranged market-economy prices would violate confidentiality. The other respondents argue that petitioners' suggestion would violate 19 CFR 353.32(f) because it would result in the unauthorized release of data to companies that did not submit that information. Respondents further argue that parties would be denied their right to disclosure because the Department could not disclose such information to them.

Moreover, respondents contend that the current publicly-ranged market-economy prices used by the Department already penalizes companies. Respondents assert that some companies would purchase a component from a domestic source, rather than a market-economy source, if the domestic source offered the identical component at a lower price. However, for these domestic purchases, the Department, by assigning such prices, *i.e.*, the public versions of presumably higher market-economy prices, as used in the preliminary determination, ascribes to that component a higher price than the companies may actually incur. Respondents maintain that using petitioners suggestion to value Chinese-sourced components would only increase this penalty.

In addition, respondents state that the Department has developed a preference for using PI to derive factor prices. Respondents maintain that they have submitted publicly ranged versions of their proprietary factors of production databases in accordance with the Department's instructions and 19 CFR 353.32(b)(1). Finally, respondents argue that neither the Department nor petitioners claimed that the publicly-ranged prices did not conform to the regulations.

DOC Position: We agree with petitioners that the use of respondents—publicly-ranged prices allows the possibility of distortions caused by the manner in which respondents ranged these prices. Respondents were aware of our intention to use the public versions of these prices in our factor valuations prior to the preliminary determination. We discussed this issue with them when explaining the requirements of our additional request for information related to the special coding instructions for parts and components. We agree with petitioners that it is appropriate to use actual average prices for the margin calculations. However, before determining whether the average of the actual prices could be released publicly, we analyzed the data sources to satisfy ourselves that no proprietary information would be released.

For each input price under analysis, we considered the number of companies reporting a price for that input and whether one or two companies' relative volume of market-economy purchases were significant. These factors allowed us to determine to our satisfaction whether any one company could derive the actual prices reported by other respondents (*i.e.*, proprietary data). In performing this analysis, we considered, among other things, the approach to this issue employed by the International Trade Commission (ITC).[1] However, we modified this approach to fit the unique circumstances of this investigation. We took this approach because there are instances in which proprietary data would be divulged and it would be too burdensome to make public versions of all documents which incorporate the proprietary prices. Accordingly, we classified all the average market-economy price data as proprietary and will release it to the appropriate parties under APO.

Comment 4: Transfer Prices

At verification we discovered that three respondents, Hua Chin, Universal and Overlord, had reported the transfer prices of their affiliates (which included a markup for freight, expenses, and profit) instead of the price paid to the unrelated supplier. Respondents contend that because the transfer prices were always higher then the prices paid to the unrelated supplier, it follows that these prices must be considered by the

[1] According to the ITC approach, generally, it would not be feasible for any one company to determine the actual price as long as three or more respondents purchase the same component from market-economy suppliers. However, in situations where one respondent accounts for 75 percent of the quantity of a given component, the data is considered proprietary. In addition, in situations where two respondents account for 90 percent of the quantity of a given component, that data is considered proprietary. See, memo from analyst to file regarding this practice dated April 8, 1996.

Department to have been made at arm's length and should not be adjusted.

Although three respondents reported transfer prices, petitioners only addressed Overlord. Petitioners argue that the component prices reported by Overlord do not include those general and administrative expenses incurred by Overlord Taiwan and NaiYu, its other affiliate, in purchasing the same components. As such, petitioners maintain that Overlord understated the actual costs of components from these suppliers by not accounting for these expenses. Therefore, petitioners argue that the Department should not adjust these prices downward to account for the mark-up.

DOC Position: We agree with both petitioners and respondents. Hua Chin, Universal, and Overlord each reported the price paid to an affiliate which had purchased certain parts from unaffiliated suppliers. Regarding Hua Chin, it pays its Taiwan affiliate a service fee for certain component purchases to cover freight, expenses, and profit. However, company officials were unable to provide separate freight invoices showing how much of the service fee was attributable to freight, other expenses, or profit. Regarding Universal and Overlord, we found at verification that the prices reported by both companies were conservative, in that they cover the price from the unaffiliated supplier plus the affiliated supplier's freight costs and profit, if applicable. However, we do not know the exact amount of the price that is applicable to freight costs, expenses, and profit. Therefore, we made no adjustment to the transfer prices reported by Hua Chin, Universal, and Overlord, and have used them in our margin calculations.

Comment 5: Third Country Selling, General, and Administrative Expenses (SG&A)

Regarding the SG&A expenses incurred by the Hong Kong and Taiwan affiliates of respondents, petitioners argue that such expenses cannot be used to build NV because their use would result in an understatement of these expenses. Petitioners argue that the respondents also incur significant expenses selling at the factory in the PRC. Because such expenses are incurred in RMB, they cannot be combined with market-economy currency expenses incurred by the affiliates. If the Department used the affiliates' SG&A, it could not also use the PRC-incurred selling expenses. Therefore, petitioners argue that the Department must use the SG&A expenses of the Indian surrogate producers. However, petitioners argue that COS adjustments must be made for particular line items in affiliates' financial statements, such as commissions, which they argue should be considered as direct selling expenses.

Chitech argues that the Department cannot lawfully use the SG&A expenses of the offshore affiliates because these do not fit into the statutory scheme. Chitech argues that the statute requires the Department to value SG&A in a surrogate country.

DOC Position: We agree that the SG&A expenses of the offshore affiliates should not be used for calculating NV. In non-market-economy cases our practice is to value factors of production using the prices actually paid by a respondent for inputs purchased from a market-economy producer and paid for in a market-economy currency. This practice has been used primarily to value material inputs. However, at the outset of this investigation, we considered using the ''actual'' market-economy expenses of the Hong Kong and Taiwan affiliates to calculate NV. We also considered using the selling portion of the affiliates' SG&A to make COS adjustments to NV in both CEP and EP situations. On September 28, 1995, prior to the preliminary determination, we issued supplemental SG&A questionnaires to the respondents and subsequently verified the information contained in the responses. After analyzing and verifying this SG&A information, we have identified several problems, discussed below, which cause us to conclude that use of such data would not enhance the accuracy or fairness of our calculations.

The first problem involves double counting SG&A. Each of the nine respondents incur SG&A expenses at their factories in the PRC. Therefore, in addition to using the affiliates' market-economy SG&A expenses to construct NV, we would also have to use surrogate data to value the portion of SG&A incurred in the PRC. To do so, we would have to determine the appropriate portion of the surrogate SG&A ratio to use (*i.e.*, that portion concerning the PRC factory incurred selling expenses) to avoid over-valuing the SG&A element in NV. Although we can identify both the SG&A ''activities'' performed at the respondents' factories and the SG&A ''activities'' performed by the respondents' affiliates, we are not able to use this information to identify the portion of total surrogate SG&A expenses that should be used to value SG&A expenses incurred at the factories.

The second problem is in finding the appropriate cost of sales over which to allocate SG&A. The Department's practice is to express the SG&A element in NV as a percentage of the cost of sales. In order to derive this percentage from the affiliates, we used the affiliates' cost of goods sold. However, we encountered several problems with this methodology. We were not able to compute an SG&A ratio for one of the affiliates because it did not report any product costs (cost of sales) in its financial statement. In addition, the product costs of the other affiliates include both costs incurred to purchase the product from the factory in China (costs generally denominated in RMB) and costs incurred in market economies. Thus, the SG&A ratios derived from the affiliates are not ratios solely of market-economy expenses and, therefore, it may not be appropriate to use these ratios.

The Department uses actual market-economy inputs wherever possible in NME cases because we believe this enhances the accuracy of our calculations. Given the numerous difficulties described above, we do not believe the use of these expenses would enhance the accuracy of our calculations in this case. Therefore, we did not use the affiliates' SG&A information to construct NV, and instead, used the Indian producers' surrogate data. In addition, we find that the affiliates' data is also not usable for making COS adjustments as suggested by petitioners, for the same reasons discussed above (*See*, Comment 1 above. *See*, also, Concurrence Memorandum, dated April 22, 1996, for further discussion.)

Comment 6: Price Averaging

Respondents state that the Department's preliminary determination limited averaging to an inappropriately narrow range of products. Respondents claim that the illustration cited in the SAA regarding averaging NVs for ''each size of television...'' demonstrates that the Department's use of control numbers for averaging NV was too narrow of a basis. The Department should calculate average prices over ''comparable merchandise'' as defined by bicycles of identical type, wheel size, and number of gear speeds. Respondents claim that these factors were identified by the ITC as the most important determinants of price differences among bicycles. Respondents further state that petitioners used the above factors to segregate different classes of bicycles for purposes of alleging dumping margins.

Furthermore, respondents argue that control numbers are not an acceptable method for determining ''comparable merchandise'' for purposes of averaging

because of the many working components contained on a bicycle. Respondents state that using control numbers to define ''comparable merchandise'' nullifies the intent of the averaging provision because it limits its application to instances in which prices would not vary in the first place.

Petitioners contend that the SAA language cited by respondents actually expresses concern that televisions of different physical characteristics not be subject to a single average, but rather, be averaged separately. Petitioners state that the proposed regulations identify averaging groups as consisting of ''subject merchandise that is identical or virtually identical in all physical characteristics....'' Petitioners state that, for the preliminary determination, the Department followed the approach described by the proposed regulations, the statute, and the SAA in averaging products by control numbers.

Further, petitioners suggest that the Department narrow the averaging categories even further for the final determination. Petitioners state that the mass merchandisers should be segregated from the independent bicycle dealers (IBDs) in the averaging groups, based on the customer codes set forth in the computer program, in order to ensure that the sales with the same physical characteristics and same class of customer are averaged together. However, petitioners also state that, by averaging U.S. prices based on a number of discrete, physical characteristics, the Department has to a large extent ensured that it is also comparing bicycles in the same customer class because bicycles sold to mass merchandisers often will be of lower specifications than bicycles sold to IBDs.

DOC Position: We agree with petitioners. It has been long-standing Department practice to average NV using as specific a basis as available (*i.e.*, control numbers). *See, Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan,* 61 FR 14065 (March 29, 1996) and *Pasta*. Respondents' argument is that we should ignore differences in material composition and/or quality level of components. Respondents would have us average the prices of a 21-inch bicycle with a chrome-molybdenum frame with the same size bicycle with a carbon steel frame. Similarly, respondents would have us average the price of a bike with an expensive, sophisticated Shimano derailleur with a bike with an inexpensive derailleur. Clearly, the different costs associated with frame material composition and componentry are important to consider in price averaging. Furthermore, we are unable to confirm petitioners' assertion that there is more than one LOT or class of customer due to lack of evidence on the record. Therefore, we averaged NV by control number, as in the preliminary determination.

Comment 7: Initiation of This Investigation

In previous submissions to the Department, respondents' claim that petitioners had access to Indian data and information on export prices of bicycles which was more accurate than the Indonesian data and U.S. retail pricing data provided in the petition. As such, they claim that, pursuant to instructions of the U.S. Court of International Trade, the Department was told to ''continue to explore'' whether the initiation of this investigation was proper and to develop ''a final reviewable record'' on this issue.

Respondents state that the Department failed to develop a complete administrative record of the circumstances surrounding the initiation of this antidumping investigation as directed by the U.S. Court of International Trade instructions in *China Bicycle Co. (Holdings) Ltd., et. al.* v. *United States, et. al.* (Ct. No. 95–11–01426). Specifically, respondents state that the Department should have reexamined the retail price calculations alleged in the petition as well as the export price information in the possession of petitioners at the time the petition was filed.

DOC Position: We disagree with respondents. Respondents' requests for termination of this investigation is based on a fundamental misunderstanding of the initiation process in the context of the overall antidumping statutory scheme. The evidentiary standard for initiation is ''information reasonably available to the petitioner supporting those allegations.'' 19 U.S.C. 1673a(b)(1)(1995). Inherent in this standard is the understanding that petitioners generally will have very limited access to foreign firms' pricing practices. As a result, petitioners will not usually be in a position to determine if foreign firms, on an overall weight-averaged basis, are dumping. Pursuant to the statute and regulations, petitioners merely have to support their dumping allegations with evidence that any sale is dumped in order for the Department to initiate an investigation. The statute assigns the task of performing the overall weight-averaged dumping calculations to the Department. The Department has the authority, pursuant to the statute, to request and analyze respondent's actual data to determine if the respondents are dumping. Respondents, in turn, have the opportunity to provide their information to demonstrate that on a weight-averaged basis they are not dumping.

This does not mean, however, that petitioners need merely allege dumping in order for the Department to initiate an antidumping duty investigation. The Department's regulations state that the petition shall contain ''[a]ll factual information (particularly documentary evidence) relevant to the calculation of the United States price of the merchandise and for the foreign market value of such or similar merchandise.'' 19 C.F.R. 353.12(b)(7). We interpret this regulation consistent with the evidentiary standards in the statute, i.e., the petition must contain evidence reasonably available in support of the allegation. Thus, all information ''relevant to the calculation of USP and NV'' is interpreted to mean evidence supporting each element of the calculation in the petition. This regulation is not interpreted as imposing a stricter evidentiary standard than is provided for in the statute. As discussed below, the petition met that statutory standard. In this case, the Department determined that the information in the petition constituted a reasonable basis upon which to initiate. Moreover, the Department carefully examined respondents' subsequent challenges to the petition data and, as a result, has made some adjustments to the petition calculations. However, none of the respondents' allegations justified termination of the investigation on the basis that the petition was inadequate.

In calculating the export prices contained in the petition, petitioners obtained U.S. retail prices and made adjustments for retailer's gross margin, importer selling expense, and movement charges, to estimate an ex-factory price. Respondents have not provided, and the Department has not encountered, any evidence to indicate that any of the retail prices and subsequent adjustments were in anyway flawed or inaccurate.

Instead, respondents' challenge rests on the fact that petitioners did not include in the petition the actual export price for one of the petitioner's few purchases of Chinese bikes. However, as discussed above, the fact that some sales may not have been sold at LTFV does not invalidate the petition evidence that other sales were. In addition, these purchases were not of the same types of bikes upon which the petition calculations were based and, therefore,

do not challenge the data upon which the dumping allegation was based.

Respondents' further argument that certain FOB Hong Kong prices contained in the petition should have been used instead of the retail price information is not persuasive. As petitioners point out in their submissions, there are significant problems with these figures, not the least of which is that the record does not indicate the models with which those prices are associated.

On the NV side of the margin allegation, the Department examined respondents' allegations that the factors of production were improperly valued. Respondents argued that petitioners should and could have reasonably provided data from India instead of Indonesia because the Indian data was reasonably available, and in respondent's view, India was a more appropriate surrogate. Once again, respondents' argument is unpersuasive. The statute does not require petitioners to investigate and supply in the petition all possible surrogate data from all potential surrogate countries. Petitioners are required to base their factors of production analysis on values in an appropriate surrogate country as defined by the statute. Petitioners selected Indonesia as the primary surrogate based on their analysis that Indonesia was economically comparable and a significant producer of bikes. The Department reviewed their analysis and determined that Indonesia was an appropriate surrogate country for the basis of a petition. In fact, when the Department conducted its own surrogate country analysis, it determined that both Indonesia and India were appropriate surrogate countries. Although the Department did ultimately select India as the primary surrogate (*see,* Factors Valuation Memo dated November 1, 1995), that does not invalidate Indonesia as an appropriate surrogate. Indeed, in this final determination, as in the preliminary determination, the Department resorted to Indonesian values when Indian values were not available.

Respondents also challenged the validity of certain factor values, including the Indonesian depreciation, interest, and profit (value added) figures. During the course of the investigation, updated information demonstrated that the Indonesian depreciation, interest and profit percentage used in the petition was aberrant and, as a result, the Department adjusted these Indonesian figures. The original depreciation, interest, and profit figures in the petition was substantiated by a 1992 Indonesian Survey of the Indonesian bike industry. The updated figures for 1993, which demonstrated that the 1992 figure was aberrational, were not available at the time of filing. Thus, the 1992 figure was relevant information reasonably available to the petitioner at the time of filing and provided a valid basis upon which to initiate. We further note that the adjustment to the depreciation, interest and profit figures did not eliminate the petition margins. The Department was able to corroborate the other petition data challenged by the respondents and, thus, made no adjustment to them. *See, Facts Available* section above.

Finally, contrary to respondents' argument, the Department's actions have been consistent with its statutory obligations as noted by the Court during the hearing for respondents' interlocutory appeal of the initiation issue. In reaching its final determination, the Department has examined all of the submissions of both respondents and petitioners on this subject and determined that none of the information or arguments submitted by respondents provide a basis upon which the Department should initiate a further investigation of the petition or terminate the investigation.

Comment 8: China-Wide Rate—Adverse Facts Available

Respondents argue that the Department resorted to sampling in this investigation and, therefore, the Department should apply the provisions of Section 735(c)(5) of Act to calculate an antidumping duty rate for all uninvestigated firms. Section 735(c)(5) of the Act, ''Method for determining all other rate,'' provides that this rate should be the weighted average of margins established for exporters and producers investigated individually, excluding margins that are *de minimis* and margins that are based on ''facts available.'' Respondents assert that the law precludes the Department from applying punitive rates to uninvestigated firms, except in certain limited circumstances that are not applicable in this investigation. According to respondents, the Department's preliminary determination violated Section 735(c) of the Act because it based the ''all others'' rate for uninvestigated firms on adverse information from the petition.

Furthermore, respondents contend that the fact that this investigation involves a non-market economy does not change the prohibition against the use of punitive rates for uninvestigated firms. Respondents argue that the Department has never informed the Chinese government, industry representatives or any uninvestigated exporters that they have failed to cooperate. According to respondents, uninvestigated firms in non-market-economy cases are entitled to the same fair treatment as uninvestigated firms in market-economy cases. Respondents state that neither the sampling provision of the Act nor Section 735(c) provides an exception for non-market economies. Moreover, respondents argue that the Court of International Trade has directed in *UCF America, Inc.* v. United States (No. 92–01–00049, Feb. 27, 1996) (*UCF*) that the ''all others'' calculation be applied without distinction to market or non-market-economy investigations.

Petitioners argue that, contrary to respondents' claim, the Department did not apply an ''all others'' rate. Rather, petitioners note that the Department applied a ''China-wide'' rate, in accordance with its well-established methodology in NME cases, including basing the rate on adverse facts available.

DOC Position: We disagree with respondents. Respondents' statement with respect to the Department's method of respondent selection is incorrect. As noted in the respondent selection memorandum (*see* the June 30, 1995, Memorandum to Barbara R. Stafford), the Department did not resort to sampling when choosing mandatory respondents for this investigation. Accordingly, the sampling provision of the Act regarding uninvestigated firms does not apply here.

The Department acknowledges a recent decision of the Court of International Trade, *UCF America Inc.* v. *United States*, Slip Op. 96–42 (CIT February 27, 1996), in which the Court affirmed the Department's remand results for reinstatement of the relevant cash deposit rate, but expressed disagreement with use of the ''PRC-wide'' rate as the underlying basis for reinstatement.

The Court suggested that the Department lacks authority for applying a ''PRC-wide'' rate in lieu of an ''all others'' rate. We note, however, that section 777(A)(c) requires the Department to determine individual dumping margins for each known exporter or producer. Pursuant to this authority, the Department implements a policy in NME cases whereby all exporters or producers are rebuttably presumed to comprise a single exporter under common government control, the ''NME entity.'' The Court has upheld our NME policy in previous cases. *See e.g., UCF America, Inc.* v. United States, 870 F. Supp. 1120, 1126 (CIT 1994); *Sigma Corp. V. United States*, 841 F.

Supp. 1255, 1266–67 (CIT 1993); *Tianjin Machinery Import & Export Corp. V. United States*, 806 F. Supp. 1008, 1013–15 (CIT 1992).

The ''NME-wide'' rate is consistent with section 735(c)(1)(B)(i)(I). This provision directs the agency to assign a dumping margin for each exporter or producer individually investigated. As discussed above, in NME cases, all producers and exporters comprise a single exporter. Thus, we assign a single NME rate to the NME entity just as we assign a single rate to exporters or producer in a market economy that are deemed to comprise a single enterprise. Also, as in all cases in which multiple exporters are treated as a single entity, the response normally must include data for all companies that comprise the collapsed entity. If any company fails to respond, the entire entity receives a rate based on facts available.

To qualify for a separate rate, an NME exporter or producer must provide a complete questionnaire response, including evidence showing both *de jure* and *de facto* absence of government control. *See Silicon Carbide.* Until such evidence is presented, a company is presumed to be part of the NME entity and receives the ''NME-wide'' rate. Consequently, whenever the NME enterprise has been investigated or reviewed, calculation of an ''all others'' rate under section 735(c)(1)(B)(i)(II) is unnecessary because all exporters or producers either qualify for a separate company-specific rate, or are part of the NME enterprise, and receive the ''NME-wide'' rate. Thus, normally in an NME case, there can be no exporters or producers who have not been investigated or reviewed. Only when the respondents in an investigation account for all exports and all respondents qualify for a separate rate is an ''all others'' rate required. *See PVA.* Under those circumstances, the NME entity has not been investigated and, pursuant to the statute, would be entitled to an ''all others rate.''

Application of our NME policy to the instant investigation is consistent with the Department's standard practice in NME cases. The official copy of the questionnaire was sent to MOFTEC, an agency of the PRC government. The cover letter of the questionnaire stated our long-standing policy that the Department presumes that a single antidumping margin is appropriate for all exporters in an NME country. However, because of the large number of companies potentially comprising the NME entity, we requested that the response include only the nine largest companies. We issued the questionnaire to those nine largest exporters. We also notified the government that we might be able to investigate a limited number of voluntary respondents wishing to claim separate rates treatment, but only if they submitted complete questionnaire responses. We provided courtesy copies of the questionnaire to law firms and companies who contacted us. In addition, the cover letter also laid out our policy on voluntary respondents (see below), and we enclosed with the questionnaire a copy of our respondent-selection memorandum.

Regarding our position on voluntary respondents, the Department informed respondents at the onset of this investigation that due to a lack of resources, we would only be able to investigate nine individual producers/exporters. We addressed the issue of voluntary responses in our respondent-selection memorandum, stating we would investigate and verify voluntary responses on a ''space available'' basis, up to the number of any non-responding firms from the list of the nine mandatory respondents. We further indicated that if the number of voluntary respondents was larger than the Department could investigate, we would select randomly from the pool of voluntary respondents the additional exporters to be investigated.

On August 7, we received responses from only three of the nine exporters named as mandatory respondents. We also received only six full voluntary questionnaire responses. All of the participating companies established that they qualified for separate rates and have received their own dumping margins for purposes of the final determination. Because the six non-responding mandatory respondents are presumed to be part of the single NME enterprise, that entire NME enterprise is deemed to be uncooperative and it received a rate based on adverse facts available. Any company that did not submit a full questionnaire response, including information establishing entitlement to a separate rate, is also deemed to be part of the NME enterprise and, therefore, is subject to that rate.

Comment 9: *China-Wide Rate—Submission of Section A by Exporters*

Respondents contend that, even if the Department finds that the amendment of Section 735(c) of the Act does not change the Department's practice in NME cases, the presumption of control has been rebutted successfully by a group of 12 uninvestigated Chinese exporters. They argue that these 12 exporters have cooperated with the Department, and have expressed their intention to provide any information the Department requires in order to determine a separate rate for them. Respondents believe that it would be unfair and contrary to law for the Department to apply punitive margins against the 12 uninvestigated companies.

In addition, respondents argue that the Department should accept as timely submissions made by the 12 exporters showing their entitlement to a separate rate. According to respondents, these submissions were timely because the Department did not establish any specific deadline for the submissions and, therefore, the general deadlines of 19 C.F.R.353.31 should apply.

Even assuming the 12 exporters' voluntary submissions were untimely, respondents argue that the Department has no grounds to use adverse information against these companies. Respondents assert that Section 735(c)(5) of the Act does not require a company to request to be a voluntary respondent in order to avoid the application of an adverse rate. Furthermore, respondents argue that Section 735(c) of the Act and the Court's ruling in *UCF* require that these exporters receive a rate based on the weighted-average margin of investigated companies.

Finally, respondents argue that the lack of guidance in this investigation stands in contrast to the instructions issued in the antidumping duty investigation on honey from the PRC (*see, Preliminary Determination of Sales at Less Than Fair Value: Honey from the PRC*, 60 FR 14725, March 20, 1995, (*Honey*)) where the Department requested MOFTEC to transmit the questionnaire to ''all companies that process honey for export to the United States and to all companies that were engaged in exporting honey to the United States during the period of investigation. . . .'' Respondents claim that the Department did not issue these instructions in the instant investigation.

Petitioners assert that, contrary to respondents' claim, the 12 exporters have not cooperated in this investigation because they ignored the Department's clear directive and submitted only partial and untimely questionnaire responses. In addition, petitioners assert that respondents have mischaracterized the Court's decision in *UCF*, stating that the Court in that case did not rule on the issue of whether the Department is allowed to use an adverse ''PRC-wide'' rate in an investigation, but rather whether, in the course of an administrative review, the Department was required to apply to unreviewed PRC exporters the ''all others'' rate established in the original investigation. In addition, petitioners note that *UCF*

concerned pre-URAA law. Petitioners assert that under the URAA, the Department may apply a China-wide rate to companies that have not established their entitlement to separate rates in an investigation.

DOC Position: We disagree with respondents. The information submitted by the 12 exporters at issue was not a sufficient basis upon which the Department could determine that these companies should receive rates separate from the China-wide rate. The companies merely provided volume and value data through a China Chamber of Commerce. This submission did not include a request for separate rates treatment from any of these exporters, nor did it provide information sufficient to demonstrate that they were entitled to separate rates. Moreover, although these exporters subsequently filed full Section A questionnaire responses which included explicit claims for separate rates treatment, these Section A responses were submitted two months late. The cover letter to the questionnaire clearly identified the deadline for submission of section A responses from any party wishing to participate in the investigation as August 7, 1995. Because no request for extension of this deadline was made by these parties, their Section A responses were untimely under 19 C.F.R. 353.31.

Furthermore, in order to perform a separate rates analysis, the Department needs to have not only the Section A separate rates questionnaire response but also complete pricing data from each exporter. The separate rates analysis focuses on the relationships between exporters and the government, export prices and who sets them, and control over export revenue. While the Section A response may contain information on the ownership and control structures of the entities being examined, the Department must also have complete pricing data in order to analyze whether export pricing and business decisions of a NME exporter are being made at the direction of the NME government. As we stated above, the Department has never granted a separate rate to any exporter without first receiving a full questionnaire response. *See e.g.*, *Honey*.

Therefore, by not submitting complete questionnaire responses in a timely manner, these exporters failed to provide the Department with the information necessary to perform a separate rates analysis. In addition, by not placing the necessary pricing information on the record, petitioners were denied the opportunity to examine the responses and comment on whether it was appropriate for these exporters to obtain separate rates. As a result, the 12 companies at issue do not qualify for separate rates and therefore are considered to be part of the single NME enterprise.

Similarly, the exporters' argument that the Department should base their margin on a weighted-average of the margins calculated for the responding companies is without merit. *See* Comment 8. The only situation where the Department would apply a weighted-average margin to an NME exporter not specifically investigated is one in which the exporter provides a complete questionnaire response and makes a claim, and establishes eligibility, for separate rates. (*See e.g.*, *Honey*.) In *Honey*, unlike in this case, the Department received 28 *complete* questionnaire responses. The Department only had the resources to fully analyze and verify four of those companies selected from the pool of exporters which submitted complete responses. Thus, petitioners had the opportunity to comment on all 28 responses. The Department applied the weighted-average rate calculated for the four selected respondents to the other 24 exporters which the Department did not have the resources to fully investigate. The Department explained that:

> This change in methodology was necessitated by the particular circumstances of this case. The parties who responded but were not analyzed have applied for separate rates, and provided materials for the Department to consider in this request. Although the Department is unable, due to administrative constraints, to consider the request for separate rates status, and to calculate a separate rate for each of these named parties, there has been no failure on the part of these firms to provide requested information. Because it would not be appropriate for the Department to refuse to consider an affirmative documented request for an examination of whether these companies were independent of any non-respondent firms and then assign to the cooperative firms the rate for the noncooperative firms, which in this case is an adverse margin based on best information available, the Department has assigned a special single rate for these firms.'' *See*, *Honey* at 14729.

In this case, as discussed above, the 12 companies at issue did not provide complete questionnaire responses and therefore do not qualify for separate rates.

Regarding the exporters' arguments that the Department did not provide sufficient guidance on this issue, we find that this argument is contrary to the evidence in the record. In the cover letter to the questionnaire and respondent selection memorandum, we stated explicitly the Department's long-standing practice of treating all NME exporters or producers as part of the NME government unless otherwise demonstrated. In addition, all communications from the Department to the PRC government and counsel for respondents clearly states all deadlines and instructs respondents to contact the Department if they have any questions regarding deadlines or any data requested. Courtesy copies of the questionnaire, the cover letter, and the respondent selection memorandum were provided to counsel for the 12 exporters. The Department, with the *Honey* case in mind, further indicated in the respondent selection memorandum that, even though we did not have the resources to investigate more than nine companies, if mandatory respondents did not respond we would be able to examine additional exporters randomly selected from the voluntary responses received. In the respondent selection memorandum we clearly stated that if we received more responses than we could reasonably investigate and verify we would have to address the issue of what rate to apply to the responses we were unable to investigate. However, in this case, we were able to investigate and verify all of the responses received and, accordingly, did not have to address this issue.

By not providing complete questionnaire responses, the 12 exporters did not make themselves available for analysis in the event that a mandatory respondent did not respond. It was not reasonable for those exporters at issue to assume that they should receive special treatment separate from other companies presumed to be part of the NME entity when the record demonstrates that they were informed of the consequences of not requesting a separate rate in a timely manner.

Finally, the exporters' assertion that they provided all the information requested by the Department and thus qualify for a rate other than the country-wide rate misinterprets the Department's non-market economy single entity presumption. As explained above, the Department assumes that all companies are part of the NME entity unless the companies satisfy the Department that they qualify for a separate rate. The burden is on the exporters to come forward and demonstrate that they are entitled to separate rates. It is not incumbent upon the Department to ask for separate rates responses, as these exporters' arguments seem to suggest. It is up to each company to decide whether it wishes to seek a separate rate. In this case, these

companies did not submit a separate rates claim until well after the deadline for doing so had passed. Based on the above analysis, we are treating these exporters as part of the government controlled entity.

Comment 10: Calculation of Antidumping Rate for Uninvestigated Exporters on Facts Available in the Petition

If the Department bases the antidumping rate for uninvestigated exporters on facts available in the petition, respondents assert it should use only Indian surrogate values for overhead, SG&A, and profit. Respondents argue that the Department should not use any of the Indonesian surrogate values used in the petition because the Department has rejected Indonesian in favor of Indian surrogate values. Respondents argue that the Department had no justification for using the rejected Indonesian information for these cooperating exporters, and that for purposes of the final determination the Department should apply the most recent Indian data in any calculations based on facts available for other uninvestigated shippers.

Petitioners agree with respondents that in the event the Department does apply facts available to these exporters, it should use only Indian surrogate values for overhead, SG&A, and profit.

DOC Position: As discussed above in the *Facts Available* section, Indonesia is an appropriate surrogate and, with the exception of depreciation, interest and profit, the Indonesian factor values in the petition have been corroborated. Therefore, the petition rate, as adjusted, is appropriate for use as adverse facts available.

Comment 11: Business Taxes Paid on Exports

At verification, we found that Tandem Hong Kong (Tandem HK), Chitech's Hong Kong affiliate, pays a fee to the Shunde government for operating within the Shunde township. This fee is based on a percentage of the value of all sales.

According to petitioners, this fee should be considered an export tax and deducted from USP, in accordance with 772(a)(2)(B) of the Act.

Chitech maintains that the Department should make no adjustment for this fee because the statute requires the Department to disregard the costs of goods and services provided by NME suppliers. In addition, Chitech points out that the Department has never treated payments to the PRC government as selling expenses.

DOC Position: We disagree with petitioners that this fee should be considered an export tax or that it should be deducted. In fact, our analysis of Chitech's questionnaire response and review of this expense at verification suggests that this fee is more analogous to a business license fee or an income tax, rather than a tax levied solely on exports. We do not adjust for intra-NME transfers.

Factor Valuations

Comment 12: Indian Producer Financial Statements

Petitioners argue that the Department should not use the financial reports of Hero or Atlas because, according to the publication *Cycle Press*, Hero and Atlas produce primarily roadster-type bicycles rather than the MTB and ATB bicycles which PRC producers ship overwhelmingly to the United States. In addition, Hero and Atlas only export 10 and 13 percent of their production, respectively. Petitioners point out that under the Statute and Department's proposed antidumping regulations, the Department is required to use surrogate value data from only those market-economy firms that are significant producers of merchandise that is identical or the most similar to that produced by the respondents under investigation. Therefore, petitioners maintain that the Department should use only the financial reports of Gujarat, TI Cycles (TI) and Roadmaster because these companies are largely export-oriented companies and predominately manufacture MTB and ATB bicycles.

Respondents maintain that the Department should use the combined financial reports of Hero, Atlas and Gujurat. Respondents point out that the Department cannot use the financial data of Gujurat without using the data of Hero and Atlas because Gujurat (1) is considered a ''sick industrial'' company by the Indian government; (2) receives subsidies from the Indian government; and (3) is not representative of the Indian industry as a whole.

Respondents contend that the Department should reject TI's financial report because TI only receives 50 percent of its income from the sale of bicycles and because it produces a wide range of other products, notably steel tubes. Respondents also maintain that the Department should not rely on Roadmaster's financial report because the report is not contemporaneous with the POI and because the Department has financial reports it can use which are contemporaneous with the POI. Respondents also argue that the Department should ignore the submitted statement of a Hero company official because (1) it is not public information; (2) it lacks credibility; and (3) it is self-serving.

DOC Position: We disagree with respondents and petitioners and have used the financial statements of the four Indian producers which are contemporaneous with the POI—Atlas, Hero, Gujurat, and TI. This case is unique in that there is a wealth of high-quality surrogate data, particularly with respect to factory overhead, SG&A and profit. The parties have argued, for a variety of reasons, that we should reject certain companies' from consideration. However, we find that on balance, the financial statements of four of the India surrogate producers are usable for our factor valuations. We rejected the fifth company's report, Roadmaster, because it was not contemporaneous with the POI and because we already have four good sources which contain data within the POI.

Regarding similarity of the merchandise produced by the Indian producers to that of the PRC respondents, we find insufficient evidence that any producer *clearly* produces the most comparable merchandise. It is possible that the Hero, Atlas and Gujurat models shown in *Bicycle Guide* may not be of as high a quality as those models produced by TI (as alleged by petitioners). However, these models do contain basic components, designs and features associated with BMX and ATB models which resemble, or are exactly the same, as those in the PRC models produced by respondents. Therefore, based on data in *Cycle Press* and *Bicycle Guide*, we conclude that all five companies to some extent manufacture the type and quality of bicycles produced by the respondents during the POI.

With regard to the issue of who exports the highest percentage of its merchandise, we disagree with petitioners that the amount of exported production of each Indian producer is a clear indication of which company is a significant producer of the merchandise under investigation. The information in *Cycle Press* does not allow the identification of the specific quantity of bicycle types exported by each Indian producer for overseas sale. However, we can establish from this publication that each of the five companies exports its full line of products to foreign markets. Although we do not know for certain whether these companies export all of the BMX, ATB, and/or MTB bicycles that they produce, it is reasonable to conclude that these models produced in India are designed primarily and/or exclusively for export markets and that the number of these bicycles sold in

India's domestic market is minimal. Therefore, there is no basis in the record to conclude that one company produces more comparable merchandise. As such, this data is not relevant to our choice of surrogate values.

With regard to the financial condition of the companies, Gujurat was not profitable during the POI based on its financial report. We know that the other Indian producers were profitable based on their financial reports. Whether or not a company is profitable, however, is not necessarily a reason for rejecting that company's data for purposes of surrogate valuations for factory overhead and SG&A expenses. *See, also* Comment 16.

In addition, we disagree with respondents that TI's data is unusable because it produces some non-subject merchandise. The other Indian producers also produce non-subject merchandise, albeit to a lesser extent. Most Indian producers, like TI, produce steel tubes (a bicycle input). Given these facts, we cannot conclude that the use of TI's data is inappropriate.

Based on the above analysis, we have used the 1994–1995 financial data of Hero, Atlas, TI, and Gujurat. We have excluded from our analysis Roadmaster's data because it is not contemporaneous with the POI and other contemporaneous data is available.

Comment 13: Average Method for Calculating Surrogate Percentages

Respondents claim that the Department should calculate a weighted-average factory overhead, SG&A and profit of each Indian producer. Respondents contend that, unlike in *PVA*, there is a clear correlation between the costs and production quantities for all of the Indian bicycle producers.

Petitioners maintain that using a weighted- average method would imply that the production experience of larger producers like Hero and Atlas would be more relevant than that of smaller producers like Gujurat or Roadmaster. Instead, petitioners claim that it is the experience of the smaller producers that is more representative of, and better reflects, the factors of production for the products made by the PRC respondents. Petitioners also point out that in *PVA*, the Department found no indication that one factor (*i.e.*, sales volume or production) was so important that it would require the use of weighted-average methodology.

DOC Position: We agree in part with petitioners. The use of production quantities from the financial data to derive weighted-average percentages will take into account the differences between the production capacity and sales associated with the largest Indian producers (Hero, Atlas and TI) and the capacity and sales of significantly smaller operations such as Gujurat. The respondents show data suggesting the factory overhead percentages for the largest producers, Hero and Atlas, are measurably lower than the percentages for the significantly smaller producer (Gujurat) and that there may be inverse relationship between the factory overhead, SG&A and profit ratios and production. However, a myriad of other factors could also be affecting these ratios. For example, the age of the factory, the quality of the merchandise being produced, and the relative capital intensivity of the manufacturing process could all affect the ratios under consideration. Moreover, not all of the PRC respondents are large-scale producers like the Indian producers Hero and Atlas. In fact, we find that the total production of the largest PRC producer is significantly less than the total production amount of either Hero or Atlas.

Finally, we do not know the relative amount of MTB or ATB production included in each Indian producer's total bicycle production, as compared with the production of utilitarian roadsters. This is important because the PRC respondents produce predominantly MTB or ATB bicycles for export to the United States.

Given these facts, there is no basis to conclude that a weighted-average calculation would be a more accurate measure of the costs of Indian surrogate producers of comparable merchandise. Therefore, we used a simple average of these financial statements consistent with our normal practice because, barring evidence to the contrary, we assume that all of these surrogate values are equally representative of the surrogate experience.

Comment 14: Calculating Surrogate Percentages from TI's Financial Data

Respondents maintain that the Department should exclude from TI's financial report the expense data separately reported for two TI subsidiaries which do not produce bicycles and which are consolidated into TI's report. Alternatively, respondents argue that the Department should use a ratio based on the amount of bicycle sales in terms of total sales to determine the allocable factory overhead, SG&A, and profit associated with bicycles exclusively. Finally, respondents urge the Department to remove the excise duty amounts from TI's SG&A expense calculation because the tax is a neutral item, bicycles are exempt from the tax, and Indian law allows any Indian producer to recover this duty amount.

Petitioners maintain that TI's financial data reasonably reflects the performance of its bicycle division and is corroborated by the similar financial experience of other Indian producers such as Gujurat and Roadmaster. Moreover, petitioners maintain that the Department should not make an adjustment to the expense data in TI's financial report because TI's report is unconsolidated and therefore does not include expense data from its two subsidiaries. Finally, petitioners maintain that the Department should not exclude the excise duty from the factory overhead or SG&A calculation because TI records this expense in its financial report as an expense and that other Indian producers such as Hero, Roadmaster and Gujurat account for the excise duty liability in their financial reports by treating the duty as an expense.

DOC Position: Respondents' claim that we should deduct the ''separately reported'' expenses of TI's subsidiaries is unsupported. We examined the financial statements for TI's two subsidiaries and found that expenses of TI's subsidiaries are not provided separately. In addition, there is no evidence establishing that TI's report is a consolidated statement that includes the subsidiaries. Indian Generally Accepted Accounting Principles (GAAP) do not require Indian companies to consolidate financial reports. Moreover, it appears from PI we obtained that, in general, Indian companies do not prepare consolidated financial statements (*See World Accounting* (1995) (page 44) and *International Accounting Summaries* (1993) (page 5)). Therefore, we are using the data in TI's financial report without any adjustment for the subsidiaries' expenses.

Regarding the excise tax amount, we are removing the duty and/or tax amount listed in TI's financial report when calculating its surrogate percentages because it is the Department's practice to use, if possible, tax exclusive values as surrogates in NME cases (*See, Final Determination of Sales At Less Than Fair Value: Disposable Pocket Lighters from the PRC*, 60 FR 22359 (May 5,1995) and *Final Determination of Sales At Less Than Fair Value: Sebacic Acid from the PRC*, 59 FR 280053 (May 31, 1994)). Moreover, we have found in previous cases involving products from India that excise duties and/or taxes paid by Indian producers were refundable to the

producer by the Indian government (*See, Final Determination of Sales at Less Than Fair Value: Stainless Steel Bar from India*, 59 FR 66915 (December 28, 1994)). Therefore, we have not only removed the amount of excise duty and/or tax from TI's financial data, but also from the financial data of the other Indian producers, where possible, which we have used to calculate surrogate percentages.

Comment 15: Gujurat's Profit Percentage

Petitioners maintain that the Department should not use the profit percentage derived from Gujurat's financial data in the overall profit percentage calculation because Gujurat's profit percentage is negative.

Respondents assert that the Department should calculate a weighted average profit percentage using Gujurat's actual financial data.

DOC Position: Consistent with how constructed value (CV) is calculated in market-economy cases, we conclude that in selecting a surrogate value for profit under section 773(c)(1), it is inappropriate to use data from sales made below the cost of production. Gujurat's negative profit indicates that the company may be selling its product below the cost of production. Therefore, we have treated Gujurat's negative profit ratio as zero, but have included the zero amount when calculating the overall surrogate profit average.

Comment 16: Treatment of Pre-Painting Chemicals

In the preliminary determination, we valued all chemicals used to produce the subject merchandise because we considered such materials to be direct inputs and not part of factory overhead. Respondents argue that the chemicals it uses to pre-treat parts prior to painting are not material inputs, but rather factory overhead costs (i.e., consumables). Respondents point out that it is Department practice to treat such chemicals, which act as a cleaning detergent, as part of factory overhead because these chemicals are not physically incorporated into the subject merchandise (*see Final Results of Administrative Review: Heavy Forged Handtools, Finished or Unfinished, With or Without Handles, from the People's Republic of China*, 60 FR 49251 (September 22, 1995)(*Hand Tools*). Alternatively, respondents state that an amount for ''consumables'' is noted in the financial reports of the Indian producers used to calculate percentages for factory overhead, SG&A and profit and that if the Department includes the ''consumables'' amount in its factory overhead calculation, then the Department should not value the chemical inputs reported in the Section D database because it would be double-counting.

Petitioners maintain that the chemicals the respondents use are not detergents applied to the parts to remove oxidation or dirt but chemicals used to pre-treat parts prior to painting which are incorporated into the subject merchandise. Therefore, petitioners maintain that these chemicals are direct materials and should be valued accordingly. Petitioners are silent on whether valuing the chemicals would be double-counting if the Department included in its factory overhead calculation an amount for ''consumables.''

DOC Position: We agree with petitioners. We examined all of the respondents' production processes at verification and found that the chemicals in question are essential for producing the finished product and are incorporated into the product (*i.e.*, in pre-treating the components, the chemicals permeate the components and are not completely washed off). These chemicals appear to be significant inputs into the manufacturing process rather than miscellaneous or occasionally used materials, *i.e.*, cleaning supplies which might normally be included in consumables. Moreover, the chemicals which we would be valuing are chemicals such as hydrochloric acid, sulfuric acid, and caustic soda (to name a few) which we have routinely valued in prior NME cases involving the production of non-chemical finished products (*e.g.*, lock-washers). Therefore, we treated these chemicals as direct material inputs. We considered that such significant material inputs would not normally be considered consumables and, therefore, no double counting would occur.

Comment 17: Fasteners and Chainguard Screws

In the preliminary determination, we valued fasteners and chainguard screws using an average import value from the HTS subcategory ''other screws and bolts with nuts or washers threaded'' from *Monthly Statistics* (April 1993–March 1994).

Respondents claim that the average value we used from *Monthly Statistics* was aberrational as it is based on a basket category of import statistics which includes other products. Therefore, respondents urge the Department to use Indonesian surrogate values for nuts and bolts. The respondents cite *Final Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers From the People's Republic of China*, 60 FR 54472, 54477 (October 24, 1995) (*Drawer Slides*) and the *Final Determination of Sales at Less Than Fair Value: Sulfur Dyes, Including Sulfur Vat Dyes, from the PRC*, 58 FR 7537, 7540 (1993) in support of their argument.

Petitioners claim that the respondents have not demonstrated that the average value the Department used from *Monthly Statistics* is aberrational, or why the statistical category for ''other screws and bolts with nuts or washers threaded'' is not the best information available. Moreover, petitioners assert that the per kilogram average price of the material to value the chainguard screws and fasteners should not be used without accounting for the labor, overhead, and other costs necessary to produce the finished part, *e.g.*, a screw. Therefore, petitioners contend that the Department should continue to use the value from *Monthly Statistics* to value chainguard screws and fasteners.

DOC Position: We agree with respondents that the value used in the preliminary determination was a basket category. We have recently found two sources of Indonesian PI which are more specific to these two different inputs, fasteners and screws. These sources are contemporaneous with the POI and are more specific to the factor inputs we are trying to value. Accordingly, we used these sources to value fasteners and screws for purposes of the final determination. *See*, Factor Valuation Memo dated April 22, 1996.

Comment 18: Labor

In the preliminary determination, we used a 1990 labor rate applicable for laborers working in the Indian transport equipment sector noted in *Yearbook of Labor Statistics (YLS)* to value skilled, unskilled and indirect labor. Respondents claim that the Department should use instead the labor rate applicable for Indian laborers working in the sector called ''manufacture of fabricated metal products, except machinery and equipment.''

DOC Position: We disagree with respondents. We have no reason to believe that the Indian transport equipment sector does not include bicycle production and, therefore, that the rate we used in the preliminary determination does not capture the wages paid to the laborers in the Indian bicycle industry.

Fabricated metal products could include a host of products other than bicycles. Moreover, since the respondents have not provided concrete evidence that bicycle production is included in the fabricated metal

products sector or not included in the transport equipment sector, there is no basis to change our calculation.

Common Company-Specific Comments

Unreported Sales

Comment 19: Unreported EP Sales—CBC

At verification, we discovered that CBC failed to report a small number of EP sales to the United States. Petitioners argue that the Department should base the final margin for these sales on facts available. They state that CBC had sufficient time to amend the U.S. sales listing, but did not do so. As facts available, they advocate using the highest reported amounts for charges and expenses contained in CBC's EP sales listing. (The price information is contained in a verification exhibit.)

CBC agrees that the Department should apply facts available to these sales. However, CBC maintains that the Department should use the average, rather than the highest, amount for charges and expenses that CBC reported for its other EP sales. CBC states that the sales in question were omitted from the sales listing because the company had to file its response prior to their shipment. Therefore, CBC characterizes this omission as attributable more to the company's attempt to comply with the response deadline rather than as a deliberate failure to respond to a Departmental request.

DOC Position: We disagree with both parties. In an investigation, the Department is not required to examine every sale made during the POI. In this case, the sales at issue represent an insignificant portion of CBC's total sales by volume and value. Consequently, we have excluded them for purposes of our final determination.

Comment 20: Unreported EP Sales—Chitech

The petitioners argue that the Department should assign the highest margins to EP sales not included in the sales database because of Chitech's date of sale methodology. The petitioners argue that these unreported sales are subject to this investigation because even though the invoice date is outside the POI, the sales were actually confirmed and booked during the POI.

The respondent points out that it consistently applied its date of sale methodology to report its POI sales of subject merchandise. In addition, the respondent points to its submissions showing where the terms of sale changed from the order up to the invoice. Respondents note that the alternative date of sale proposed by the petitioners is merely the date that the respondent receives payment from its bank.

DOC Position: We disagree with petitioners that there were any unreported EP sales. Chitech consistently applied our date of sale methodology for reporting its U.S. sales of subject merchandise during the POI. Chitech used the invoice date to report its POI sales because the terms of sale can and do change up to the invoice date. We examined Chitech's date of sale methodology at verification and found no discrepancies.

Comment 21: Unreported CEP Sales—Dynacraft

The petitioners argue that Dynacraft should not be rewarded for its failure to report these sales and suggest that these sales should be based on adverse facts available.

The respondent points out that the Department's practice is to generally disregard an inadvertent omission of a minor amount of sales. Alternatively, if the Department elects to calculate margins on these sales, the Department has all of the required information (except for credit expenses) to calculate margins using actual and verified expense data for these sales.

DOC Position: Dynacraft inadvertently omitted these sales from its U.S. sales database because it had incorrectly considered this group of sales as being non-subject merchandise produced in Taiwan. We did not collect the sales invoices for these unreported sales at verification. The sales were all for one specific model sold at the same price. This model also happens to be one of the higher priced models reported by Chitech. We determined that including these sales in our calculations would have no effect, or a negligible effect, on the margin calculated for Chitech. Moreover, this situation does not appear to warrant the use of adverse facts available. Therefore, we have not included these sales in our analysis.

Warranty and Bad Debt Expenses

Comment 22: Accrued vs. Actual Warranty and Bad Debt Expenses

Giant USA (GUSA) sets aside a budgeted amount for warranty and bad debt expenses each fiscal year and reported the actual amount in its section C database. The petitioners argue that the Department should use these accrued amounts as the basis for calculating these expenses rather than the actual expenses GUSA incurred in warranty and bad debt expenses during the POI because the accrued amounts are based on the historical experience of the company and are not influenced by distortions such as fluctuations in volumes of sales.

Giant argues it is Department practice to deduct actual, rather than accrued, expenses from USP. The respondent cites to *Final Results of Administrative Review: AFBs (Other Than TRBs) and Parts Thereof From France*, 60 FR 10900, 10917 (February 28, 1995) and *Final Results of Administrative Reviews: Roller Chain, Other Than Bicycle, From Japan*, 57 FR 46535 (October 9, 1992) in support of its argument. In addition, respondent contends that the Department should treat GUSA's bad debt expenses as indirect selling expenses, in accordance with its normal practice. In support, respondent cites *Certain Cut-to-Length Carbon Steel Plate From Germany; Final Results of Antidumping Administrative Review*, 61 FR 13834 (Mar. 28, 1996).

DOC Position: With respect to warranty expenses, we disagree with respondents that we always use actual expenses. Our practice is normally to use historical expenses unless our analysis of the actual expenses suggests that historical expenses are inappropriate. (*See, Final Determination of Sales at Less Than Fair Value: Color Picture Tubes from Japan*, 52 FR 44171 (November 18, 1987)). Giant's accrued amounts are reflective of historical experience. As such, we used the accrued amounts. The actual POI amounts only reflected a short period of GUSA's warranty experience, whereas the accrued expenses were reflective of Giant's actual historical experience. Regarding the issue of whether bad debt should be classified as a direct or indirect expense, we agree with respondent. Accordingly, we have classified bad debt as an indirect selling expense and have treated it as such for purposes of the final determination.

Comment 23: Warranty Expenses

Petitioners argue that the Department should use the historical average warranty costs incurred by Motiv, CATIC's affiliated reseller in the United States, rather than the reported POI costs as the basis for its warranty expense adjustment. Petitioners assert that Motiv's POI warranty costs may be aberrational and historical warranty costs take into account fluctuations in sales volume.

Respondent argues that because petitioners use a historical average warranty amount reported as a dollar amount per bicycle, and the reported POI warranty costs are reported as a percentage of each gross sales dollar, they are making an apples to oranges comparison. Respondent states that,

although Motiv's total warranty costs change from year to year, there is nothing on the record to suggest that there is any fluctuation in Motiv's historical warranty costs as a percentage of gross sales dollars. Moreover, respondent argues that to impute to each bicycle the same per-unit cost would create distortions because Motiv's other expenses are allocated by value, not by volume.

DOC Position: We agree with petitioners. Our examination of Motiv's historical warranty costs indicate that the reported POI warranty costs may not be reflective of what Motiv's true warranty expenses will be on its POI sales. Accordingly, we used the historical warranty expenses.

Findings at Verification

Comment 24: Discrepancies in Weights and Distances

At verification, we found a number of discrepancies in the weights and distances reported by Overlord and used in the calculation of surrogate freight on components. Petitioners assert that the Department should correct the reported data, based on the findings at verification. In addition, petitioners argue that the Department should impute these findings to all of Overlord's components not examined at verification by adjusting the reported weights and distances by the average percentage difference observed at verification.

Overlord maintains that the Department should only correct for the errors found at verification.

DOC Position: We agree with respondent. At verification, we found no consistent pattern of under-reporting. For example, we found that the weight differences ranged from an over-reporting of 200 percent to an under-reporting of 23 percent. Given the wide range of observed differences, adjusting the weights and distances of unexamined components would only affect the margin several points to the right of the decimal. Consequently, we corrected Overlord's database to account only for errors found at verification.

Comment 25: Unreported Market-Economy Movement Expenses

Petitioners maintain that Universal was not forthcoming in providing to the Department prior to verification a clear picture of how it incurred its movement expenses in Hong Kong. Because these expenses were not reported, the petitioners insist that the Department should now assign adverse amounts to each of the Hong Kong incurred movement expenses rather than rely on the actual expense data noted in the verification report. Petitioners recommend that the Department use the highest rates found for any respondent for each movement expense or use the highest rates from the data examined at verification and apply them on a container basis, using the lowest quantity figure per container provided by Universal.

Respondent claims that the Department's practice is to not use the movement expenses incurred by a PRC respondent if it sourced its transportation services from a company that was located in the PRC and affiliated with a Hong Kong company. The respondent cites to *Drawer Slides* and *Final Determination of Sales at Less Than Fair Value: Ferrovanadium and Nitrided Vanadium from the Russian Federation*, 60 FR 27957, 27962 (May 26, 1995) (*Ferrovanadium*) in support of its argument. In addition, the respondent states that if the Department intends to use expenses incurred in Hong Kong, then the Department should not apply adverse facts available in this situation because it has the actual expenses.

DOC Position: At verification, we found that Universal pays its customs broker in Hong Kong, in Hong Kong dollars, for five services: (1) terminal handling charges; (2) handling fees; (3) document fees; (4) courier fees; and (5) import and export fees. Universal did not report these expenses because the Hong Kong broker is a subsidiary of a PRC company. Universal assumed that this data could not be used by Department. The NME questionnaire requests a respondent to report all movement expenses paid to a market-economy supplier.

We used the average rates established at verification for each expense noted above and the quantity amounts per container for each U.S. model provided in the October 2, 1995, submission to calculate the Hong Kong incurred model-specific expenses for those expenses that are incurred on a container basis. For Hong Kong import & export fees, we used the rate found among the other respondents. The fact that Universal failed to report these expenses is not a basis for adverse inference because Universal's interpretation of the questionnaire instructions, although in error, was not unreasonable.

Other Company-Specific Comments

Petitioners made several arguments that certain expenses incurred by the Hong Kong and Taiwan affiliates of the PRC bike producers should be treated as direct selling expenses and be subject to COS adjustments. Because we are not making COS adjustments in this case, these issues are moot. *See* Comment 1 in *General Comments* section above.

Bo An

Comment 26: Market-Economy Based Movement Charges

Petitioners have stated that the Department should assign adverse facts available to Bo An's movement charges because Bo An has been less than forthcoming concerning movement charges purchased from market-economy suppliers and paid for in market-economy currency. Moreover, according to petitioners, the verification exhibits contradict Bo An's statement in its Section C response that ''Bo An did not use any market-economy suppliers for shipment of the goods.'' Petitioners agree that this information should clearly have been reported earlier in the investigation and that the Department should now assume that Bo An made full use of all potential market-economy based movement and handling services between the PRC factory and the loading of the ocean-going vessel in Hong Kong. Accordingly, the Department should apply the highest calculated freight rates found for any respondent in this investigation to all Bo An's movement and handling expenses.

Bo An contends that the Department should not assign market-economy values to goods and services obtained through a non-market-economy transaction. Bo An points out that it has already certified for the record that it arranges for transportation through the PRC affiliates of Hong Kong transportation companies and that the Department found no evidence at verification to contradict this information. Finally, respondent cites *Drawer Slides* and *Ferrovanadium* as evidence that the Department's practice has been to determine whether a good or service obtained through a market-economy transaction is sourced from a market economy rather than merely purchased in it.

DOC Position: We agree with respondent. Because these movement and handling services were provided by a company located in the PRC, we conclude that these charges do not reflect a market-economy based price. Therefore, in our final determination we have continued to apply a surrogate country cost to value these charges.

CBC

Comment 27: Brokerage and Handling Expenses

Petitioners argue that the Department should base brokerage and handling

expenses for CBC's CEP sales on facts available because CBC failed to provide any support for its claimed amount at verification. As facts available, petitioners assert that the Department should use the amount that it calculated during verification based on an examination of CBC's sales information.

DOC Position: We agree. Accordingly, we have based brokerage and handling for CEP sales on the information reviewed at verification.

Comment 28: Interest Expense and Interest Revenue

At verification, we found that CBC received interest revenue on EP sales although it did not report this revenue in its sales listing. In addition, we also noted that CBC incurred sales-specific interest expenses, which likewise had not been reported. CBC requests that the Department add interest revenue to its USPs. Moreover, CBC argues that the Department should ignore the interest expenses observed at verification because they represent affiliated party transactions, as evidenced by intra-company invoices between CBC and its Hong Kong affiliate.

Contrary to CBC's assertions, petitioners maintain that the interest expenses in question are similar to movement expenses because they were actually paid by CBC on every sale. They state that CBC failed to provide any credible evidence supporting its claim that these payments are intra-company transfers. Moreover, they state that failure to report these expenses should lead to the application of adverse inferences against CBC. Specifically, they argue that the Department should subtract from CBC's reported EP sales prices interest expenses equal to the highest expenses (as a percentage of invoice price) observed during verification. Regarding interest revenue, petitioners state that the Department should ignore the amounts collected at verification because CBC failed to provide complete information in a timely fashion.

DOC Position: Regarding interest expenses, we disagree with CBC that these expenses represent affiliated party transactions. At verification, we reviewed actual payment advices issued by the unaffiliated bank. These payment advices showed that interest expenses were actually charged by the bank on each transaction, independent of any affiliated party transfers that may have occurred. However, we have not made an adjustment for these expenses, because we are not making COS adjustments on EP sales. *See,* Comment 1 in *General Comments* section above.

Regarding interest revenue, we found at verification that CBC charged this revenue in order to cover the actual interest expenses that it incurred on each sale. Therefore, adjusting for interest revenue without making the corresponding adjustment for interest expenses would result in an EP that is overstated. Accordingly, we also have made no adjustment for interest revenue for purposes of the final determination.

Comment 29: Freight Rebates

At verification, we found that Western States Importers (WSI), CBC's U.S. affiliate, did not use the eligibility criteria specified in its freight rebate program when calculating the freight rebates reported in its CEP sales listing. According to petitioners, the Department should recalculate these rebates by applying the eligibility criteria set forth in WSI's program brochures.

According to CBC, no adjustment is warranted. CBC states that these rebates operate as a customer-specific price allowance and as a general expense to WSI, as evidenced by the fact that WSI's accounting system does not track freight rebates on a transaction-specific basis. CBC asserts that, indeed, given the limitations of WSI's accounting system, reporting freight rebates on a customer-specific basis was the only feasible way to capture these costs. Moreover, CBC argues that there is no evidence on the record to support the contention that allocating these rebates on a customer-specific basis is distortive.

DOC Position: We do not have sufficient information on the record to reallocate WSI's freight rebates according to the eligibility criteria specified in the rebate program brochures, as requested by petitioners. Moreover, we agree with CBC that it would not be distortive to allow these rebates on a customer-specific basis, based on our finding at verification that they operate as a customer-specific price allowance, rather than as a transaction-specific expense. Therefore, we have accepted the expenses as reported for purposes of the final determination.

Comment 30: Different Control Numbers for Identical Products

At verification, we found CBC had assigned different control numbers to a small number of products which appeared to have identical physical characteristics; however, CBC reported different factors of production for these products. In addition, we found that CBC assigned the same control number (and same factors of production) to a small number of products which appeared to be physically different.

Petitioners assert that the Department should resort to facts available to calculate the factors of production for each of the products in question. As facts available for the physically identical products, petitioners maintain that we should use the highest COM calculated for any of the products which are within the identical grouping. As facts available for the non-identical products, petitioners assert that the Department should calculate separate production costs using ratios derived from the different prices reported for the different models.

According to CBC, the Department should not make adverse inferences as to the COM of the bicycles in question. CBC states that it explained all of the discrepancies at verification and that it documented most of these explanations.

DOC Position: Regarding the different control numbers reported for physically identical products, we agree with petitioners. Contrary to its assertion, at verification CBC could not explain why the factors of production for these models differed. Moreover, it is difficult to imagine how models sharing the same control number could have different production costs. Because CBC failed to report its data in a consistent fashion, we find that applying an adverse inference to facts available is reasonable and appropriate in this case. Therefore, we have used the highest COM calculated for any of the products which are within the identical grouping to the products in question.

Regarding the same control numbers reported for potentially non-identical products, we agree with CBC. The documents reviewed at verification support CBC's assertion that the control numbers in question were assigned correctly to identical products. Accordingly, we find no basis to adjust the costs reported for these products, as suggested by petitioners.

Comment 31: Component Sourcing

At verification, we found that CBC sourced certain components in both a market and non-market economy. Petitioners argue that the Department should rely exclusively on the prices paid to the market-economy suppliers.

DOC Position: We agree and we have made the appropriate corrections for purposes of the final determination.

CATIC

Comment 32: Treatment of handling charges incurred by Motiv and classification of Motiv's selling expenses

Petitioners argue that the Department should treat handling charges incurred

by Motiv for returns of bicycles during the POI as a direct selling expense. At verification we found that Motiv did not report handling charges incurred for bicycles that were returned by a certain customer. Petitioners argue that this expense is a direct selling expenses because it was incurred to return subject merchandise during the POI, and that the Department should treat it as such for purposes of the final determination.

Respondent claims that this expense is properly categorized as indirect because there were no sales associated with the returns.

Petitioners also argue that certain advertising, after-market telephone support, and bad debt expenses reported by Motiv as indirect selling expenses should be classified as direct selling expenses.

Respondent contends that each of those expenses were properly classified as indirect selling expenses.

DOC Position: These expenses has been deducted from U.S. price as part of the CEP deductions. Because we are not making a corresponding CEP offset (*See*, Comment 1), the classification of these expenses as direct or indirect is moot.

Comment 33: Commission Expenses

Petitioners urge the Department to ensure that the commission expense adjustment includes all payments by Motiv to outside sales representatives during the POI. Motiv's questionnaire responses state that its independent sales representatives perform various functions in facilitating customer orders for Motiv. Petitioners state that the record is unclear as to whether Motiv's reported commission amounts cover its payments for all the services provided by its outside sales representatives. Respondent did not comment on this issue.

DOC Position: We verified that the payments to Motiv's outside sales representatives covered all services performed by these sales representatives.

Comment 34: Finance Expense

Petitioners use information from Motiv's and CATIC's financial statements to demonstrate that CATIC may have incurred a certain finance expense on behalf of Motiv. Petitioners contend that the Department should either include this finance expense in Motiv's U.S. selling expenses or should add the expense to the NV for bicycles produced by CATIC.

Respondent claims that imputing this finance expense is at odds with the Department's established practice and would result in double-counting. Respondent states that since CATIC and Motiv are affiliated companies, any interest expense would be an intra-company charge. Respondent cites to *Frozen Concentrated Orange Juice from Brazil: Final Determination of Sales at Less Than Fair Value*, 52 Fed. Reg. 8324 (March 17, 1987) and *Certain Tapered Journal Roller Bearings and Parts Thereof from Japan: Final Determination of Sales at Less Than Fair Value*, 49 Fed. Reg. 2285 (January 19, 1984) as cases in which the Department excluded intra-company interest expenses from the margin calculations. Respondent also states that the Department already will have accounted for the costs of financing inventory and receivables in its imputed calculations of inventory carrying costs and credit costs.

DOC Position: We agree with respondent. The expense identified by petitioners is an intra-company expense and should not be included in our calculations.

Giant

Comment 35: Interest Charge Giant USA Pays its Taiwan Affiliate

The respondent maintains that the fees GUSA pays its Taiwan parent GMC to cover interest charges on letters of credit opened by GMC to finance GUSA's purchases from GMC should not be deducted from USP if the Department also deducts inventory carrying expenses and imputed credit costs. The respondent states that deducting both the actual fees and the imputed expenses would double-count the expenses associated with financing shipment, inventory and receivables on U.S. sales.

The petitioners argue that the Department's verification report makes no mention that the letter of credit fees are actual interest expenses or the nature of the fees. Therefore, the petitioners maintain that there in insufficient evidence to support Giant's claim that its interest expenses will be double-counted if both letter of credit fees and imputed credit expenses are deducted from the USP. Moreover, the petitioners state that the letter of credit fees appear to be indirect rather than direct selling expenses, since these fees were first paid by GMC in opening bank accounts from which GUSA could draw funds to finance inventory and accounts receivables. As such, the petitioners argue that the Department should revise GUSA's reported indirect selling expenses by including the amount of letter of credit fees.

DOC Position: We did not separately deduct the interest expense from the USP because deducting both the actual fees and the imputed costs (which include these fees) would be double-counting. In addition, we did not treat the letter of credit fees as indirect selling expenses since they have been accounted for in the calculation of inventory carrying expenses.

Comment 36: Errors in Giant's Data

Petitioners argue that the Department should apply facts available to Giant in its final margin analysis. Petitioners assert that the Department found numerous errors in Giant's data during verification which company officials were unable to explain. Petitioners cite examples related to the price and usage data reported for Giant's factors of production, as well as discounts reported for CEP sales.

Giant asserts that the Department should use its data for purposes of the final determination, after correcting it for errors discovered at verification. Respondent argues that petitioners misunderstood both the verification reports and Giant's responses, leading to a number of incorrect assumptions regarding the significance of the errors found.

DOC Position: We agree with Giant. The majority of the errors discovered at verification resulted from data input problems or calculation errors. Because these errors were minor in nature, we find that the use of facts available is not warranted. Therefore, we have corrected the errors found at verification and used the data reported by Giant for purposes of the final determination.

Comment 37: Interest Revenue

Petitioners argue that the Department should deny Giant's claim for interest revenue for purposes of the final determination. According to petitioners, Giant did not collect all of the interest revenue that it actually invoiced. In addition, petitioners assert that Giant misapplied these revenues in its sales listing because it reported revenue for sales for which the customer paid on a timely basis and for which no revenue was due.

Respondent asserts that the Department should allow the revenue amounts reported in its sales listing. Respondent notes that petitioners do not dispute the fact that the company received interest revenue, but rather disagree with the methodology used to allocate this revenue to specific sales. Respondent maintains that, not only is its allocation methodology consistent with the methodology used to allocate other adjustments (*e.g.*, credit expenses), but also petitioners failed to object to this methodology prior to the submission of their case brief. Moreover,

respondent asserts that its allocation methodology is not distortive or inaccurate. Finally, respondent notes that the Department reviewed Giant's interest revenue calculation at verification and found no discrepancies.

DOC Position: We found that Giant's record keeping system does not readily allow Giant's to report transaction-specific interest revenue. Therefore, we are allocating interest revenue only to those sales with no early payment discounts. Regarding bad debt expense, we agree with respondents that it was correctly reported as an indirect selling expense. We recommend making no adjustment to bad debt.

Overlord

Comment 38: Declaration Fees

At verification, we found that Overlord under-reported declaration fees paid to the Hong Kong government on U.S. shipments of bicycles through Hong Kong. Petitioners contend that the Department should increase the reported expenses by the average percentage by which the fees were under-reported.

DOC Position: We agree and have made the appropriate calculations for purposes of the final determination.

Universal

Comment 39: Methodology for Reporting Prices of Market-Economy Inputs

According to the petitioners, Universal's price reporting methodology is unacceptable. Based on Universal's unwillingness to provide information prior to the verification regarding the methodology it used to derive market-economy prices, and the inaccuracies discovered during the Department's price variation tests and component traces, the petitioners propose that, as facts available, the Department increase prices for all market-sourced components by the greatest disparity between reported and verified prices in the price variation tests.

Universal argues that the Department should not increase the prices reported for market-economy inputs because the majority of the input prices examined by the Department were accurately reported and the few discrepancies noted by the Department were only minor errors. Additionally, Universal contends that its reported prices are already overstated because these prices are charged by Universal's affiliated supplier. Universal maintains the Department verified that reported component prices, which are charged by Universal's affiliated supplier, are more than the prices the affiliated supplier pays to purchase those components from unrelated suppliers.

DOC Position: Universal failed to report the weight-average price of market-economy inputs purchased during the POI. Rather, Universal reported market-economy prices based on selected invoices which company officials considered to be representative of the prices paid during the POI. According to Universal officials, the company employed this reporting methodology because during the POI prices for most components remained stable. We tested ten components and found that four were under-reported by a small percentage. We disagree with petitioners that we should increase all of Universal's prices by the largest observed variation. This situation does not warrant the use of adverse acts available. Rather, as facts available, we applied the average variance to all purchases. *See,* Concurrence Memo for Final Determination.

Continuation of Suspension of Liquidation

For Bo An, Giant, Hua Chin, and Overlord, we calculated a zero or *de minimis* margin. Consistent the with *Pencils,* merchandise that is sold by these producers but manufactured by other producers will not receive the zero margin. Instead, such entries will be subject to the ''PRC-wide'' margin.

In accordance with section 733(d)(1) of the Act and 735(c)(1), we are directing the Customs Service to continue to suspend liquidation of all entries of bicycles from the PRC, that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the NV exceeds the export price as shown below. These suspension of liquidation instructions will remain in effect until May 7, 1996. The weighted-average dumping margins are as follows:

Manufacturer/producer/exporter	Margin percentage
Bo An	0.00
CBC	3.25
CATIC	13.67
Giant	0.97
Hua Chin	0.00
Merida	7.44
Overlord	0.00
Chitech	2.05
Universal	11.06
PRC-wide rate	61.67

PRC-Wide Rate

The PRC-Wide rate applies to all entries of subject merchandise except for entries from exporters that are identified individually above.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered for consumption on or after the effective date of the suspension of liquidation. This determination is published pursuant to section 735(d) of the Act.

Dated: April 22, 1996.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 96–10555 Filed 4–29–96; 8:45 am]

BILLING CODE 3510–DS–P

Intent To Revoke Countervailing Duty Order

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice of intent to revoke countervailing duty order.

SUMMARY: The Department of Commerce (the Department) is notifying the public of its intent to revoke the countervailing duty order listed below. Domestic interested parties who object to revocation of this order must submit their comments in writing not later than the last day of May 1996.

EFFECTIVE DATE: April 30, 1996.

FOR FURTHER INFORMATION CONTACT: Brian Albright or Cameron Cardozo, Office of Countervailing Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–2786.

SUPPLEMENTARY INFORMATION:

Background

The Department may revoke a countervailing duty order if the Secretary of Commerce concludes that it is no longer of interest to interested