Dated: January 23, 1995.

#### Susan G. Esserman,

Assistant Secretary for Import Administration.

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#### [A-588-707]

# Granular Polytetrafluoroethylene Resin From Japan; Preliminary Results of Antidumping Duty Administrative Review

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

**ACTION:** Notice of preliminary results of antidumping duty administrative review.

**SUMMARY:** In response to requests by a respondent and petitioners, the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on granular polytetrafluoroethylene (PTFE) resin from Japan. The review period is August 1, 1992, through July 31, 1993. This review covers one company, Daikin Industries, Ltd. As a result of the review, the Department has preliminarily determined that dumping margins exist for the respondent. Interested parties are invited to comment on these preliminary results.

**EFFECTIVE DATE:** January 30, 1995.

### FOR FURTHER INFORMATION CONTACT:

Charles Riggle or Michael Rill, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–4733.

### SUPPLEMENTARY INFORMATION:

### **Background**

On August 3, 1993, the Department published in the Federal Register a notice of "Opportunity to Request Administrative Review" (58 FR 41239) of the antidumping duty order on granular PTFE resin from Japan (53 FR 32287, August 24, 1988). Respondent Daikin Industries, Ltd., and petitioners E. I. Dupont de Nemours & Company and ICI Americas, Inc., requested an administrative review in accordance with 19 CFR 353.22(a) (1993). On September 30, 1993, the Department published a notice of initiation of this review (58 FR 51053), which covers the period August 1, 1992, through July 31, 1993. The Department is now conducting this review pursuant to

section 751 of the Tariff Act of 1930, as amended (the Tariff Act).

# Scope of the Review

The antidumping duty order covers granular PTFE resins, filled or unfilled. The order explicitly excludes PTFE dispersions in water and PTFE fine powders. During the period covered by this review, such merchandise was classified under item number 3904.61.90 of the Harmonized Tariff Schedule (HTS). We are providing this HTS number for convenience and customs purposes only. The written description of scope remains dispositive.

The review covers one manufacturer/ exporter of granular PTFE resin, Daikin Industries, Ltd. (Daikin). The period of review is August 1, 1992, through July 31, 1993.

#### **United States Price**

In calculating United States price (USP), the Department determined both purchase price (PP) and exporter's sales price (ESP), as defined in section 772 of the Tariff Act, to be appropriate. All sales were made through Daikin America, Inc. (DAI), a related sales agent in the United States, to an unrelated purchaser. However, whenever sales are made prior to the date of importation through a related sales agent in the United States, we typically determine that PP is the most appropriate determinant of the USP if:

1. The merchandise in question was shipped directly from the manufacturer to the unrelated buyer, without being introduced into the inventory of the related shipping agent;

2. Direct shipment from the manufacturer to the unrelated buyers was the customary commercial channel for sales of this merchandise between the parties involved; and

3. The related selling agent in the United States acted only as a processor of sales-related documentation and a communication link with the unrelated U.S. buyers.

Granular Polytetrafluoroethylene Resin From Japan; Final Results of Antidumping Duty Administrative Review, 58 FR 50343, 50344 (September 27, 1993); Final Determination of Sales at Less Than Fair Value: New Minivans From Japan, 57 FR 21937, 21945 (May 26, 1992).

For Daikin's sales which satisfy the criteria listed above, we regard the routine selling functions of the exporter as merely having been relocated from the country of exportation to the United States, where the sales agent performs them. Whether these functions take place in the United States or abroad

does not change the substance of the transactions or the functions themselves, and we therefore treated these sales as PP transactions in accordance with § 353.41(b) of the Department's regulations.

During the period of review DAI began to inventory subject merchandise in the United States based on anticipated demand. Where DAI's role included warehousing responsibilities in addition to routine selling functions, such that the date of importation preceded the date of sale, we regarded sales of such merchandise as ESP sales in accordance with § 353.41(c) of the

Department's regulations.

We based PP and ESP on the packed, delivered price to unrelated purchasers in the United States. We made deductions, where applicable, for foreign brokerage and handling, foreign inland freight, ocean freight, marine insurance, U.S. brokerage and handling, U.S. inland freight, U.S. duty, U.S. harbor fees and merchandise processing fees, and inland insurance, in accordance with section 772(d) of the Tariff Act. We also treated certain early payment discounts as reductions in price, and deducted them accordingly, in accordance with the Department's policy. See Sonco Steel Tube Div. v. United States, 714 F.Supp 1218, 1222 (CIT 1989). For ESP sales we also made deductions, where applicable, for credit expense, replacement of defective merchandise, commissions paid to unrelated selling agents in the United States and indirect selling expenses, in accordance with section 772(e) of the Tariff Act.

We made an addition to USP for the Japanese consumption tax in accordance with our practice as set forth in Silicomanganese From Venezuela; Preliminary Determination of Sales at Less Than Fair Value (Silicomanganese), 59 FR 31204 (June 17, 1994).

#### Foreign Market Value

Based on a comparison of the volume of home market and third country sales, we determined that the home market was viable. Therefore, in accordance with section 773(a)(1)(A) of the Tariff Act, we based FMV on the packed, delivered price to unrelated purchasers in the home market.

In the preceding administrative review we found that Daikin made home market sales below the cost of production (COP). Therefore, in accordance with our standard practice, we also conducted a COP investigation during the current administrative review. We calculated COP as the sum of Daikin's reported materials, labor, factory overhead, and general expenses.