

## SUPPLEMENTARY INFORMATION:

**Background**

On September 7, 1993, the Department of Commerce (the Department) published in the **Federal Register** a notice of "Opportunity to Request an Administrative Review" of the Antidumping Duty Order on Certain Forged Steel Crankshafts from the United Kingdom (52 FR 35467). In accordance with 19 CFR 353.22(a)(2), in September 1993, United Engineering and Forging (UEF) requested an administrative review of the antidumping order covering the period September 1, 1992, through August 31, 1993. We initiated the administrative review on October 18, 1993 (58 FR 53710), and are conducting it in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

**Scope of the Review**

The products covered in this review are certain forged steel crankshafts (CFSCs). The term "crankshafts," as used in this review, includes forged carbon or alloy steel crankshafts with a shipping weight between 40 and 750 pounds, whether machined or unmachined. The products are currently classifiable under items 8483.10.10.10, 8483.10.10.30, 8483.10.30.10, and 8483.10.30.50 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or more than 750 pounds are subject to this review. Although the HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope of this proceeding is dispositive.

**Applicable Statute and Regulations**

Unless otherwise indicated, all citations to the Statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

**Such or Similar Merchandise**

In determining similar merchandise comparisons, we considered the following physical characteristics, which appear in order of importance: (1) Twisted vs. untwisted; (2) number of throws; (3) ship weight; (4) forging method; (5) engine type; (6) number of bearings; (7) number of flanges; and, (8) number of counterweights (see the February 4, 1993, model matching methodology memorandum from Louis Apple, Acting Division Director to David L. Binder, Acting Director, Office of Antidumping Investigations; and the April 26, 1995, memorandum from the case analyst to the file).

**United States Price (USP)**

We based USP on purchase price, in accordance with section 772(b) of the Act, because the subject merchandise was sold to an unrelated purchaser before importation into the United States and because exporter's sales price methodology was not otherwise indicated. We based purchase price on the packed, c.i.f. price to the first unrelated purchaser in the United States.

We made deductions from USP, where appropriate, for ocean and foreign inland freight, U.S. duties, harbor maintenance and merchandise processing fees, marine insurance and U.S. brokerage and handling expenses, in accordance with section 772(d)(2) of the Act. For certain sales made by UEF's Shardlow facility, ocean freight, foreign inland freight, U.S. duties, and U.S. brokerage and handling expenses were not reported. Therefore, in accordance with section 776(c) of the Act, we have relied upon the best information available (BIA) in these preliminary results to value these unreported expenses for those sales. As BIA, we applied the largest reported amount to each of Shardlow's unreported expenses. Based on verification, we requested UEF to correct its reported brokerage and handling expenses, and ocean freight expenses identified in the August 23, 1994, verification reports. In addition, we made certain corrections to UEF's reported credit expenses, warranty expenses, U.S. duty expenses, marine insurance expenses and additional corrections to ocean freight and U.S. brokerage and handling expenses identified in the verification reports.

For one crankshaft model, we increased USP to account for tooling and manufacturing costs that were not included in the U.S. sales invoice, but were billed separately to the U.S. customer. Such costs are normally considered a component of USP for that merchandise (see *Final Results of Antidumping Duty Administrative Review: Certain Forged Steel Crankshafts from the United Kingdom* (52 FR 5975 (February 14, 1991))).

We also made adjustments to USP, as appropriate, for price and/or quantity changes subsequent to shipment.

Finally, we made an adjustment for taxes paid on comparison sales in the United Kingdom, in accordance with our practice, pursuant to the Court of International Trade (CIT) decision in *Federal-Mogul, et al v. United States*, 834 F. Supp. 1993. See *Preliminary Determination of Sales at Less Than Fair Value: Color Negative Photographic*

*Paper and Chemical Components Thereof from Japan* (59 FR 16177, 16179 (April 6, 1994)), for an explanation of this tax methodology.

**Foreign Market Value**

In order to determine whether there were sufficient sales of CFSCs in the home market to serve as a viable basis for calculating foreign market value (FMV), we compared the volume of the respondent's home market sales to the volume of its third country sales, in accordance with section 773(a)(1)(B) of the Act. Based on this comparison, we determined that the home market is viable, and that it is the most appropriate basis for calculating FMV.

Where home market sales were used for comparisons, we calculated FMV based on packed, ex-factory or delivered prices to customers in the United Kingdom. We made deductions, where appropriate, for discounts. We also made adjustments to FMV, where appropriate, for price and/or quantity changes subsequent to shipment.

In light of the Court of Appeals for the Federal Circuit's decision in *Ad Hoc Committee of AZ-NM-TX-FL Producers of Gray Portland Cement v. United States*, 13 F.3d 398 (Fed. Cir. 1994), the Department no longer can deduct home market movement charges from FMV pursuant to its inherent power to fill in gaps in the antidumping statute. Instead, we adjust for those expenses under the circumstance-of-sale (COS) provision of 19 CFR 353.56(a). Accordingly, in the present case, we adjusted for post-sale home market inland freight charges under the COS provision of 19 CFR 353.56(a).

Because all price-to-price comparisons involved purchase price sales, we also made COS adjustments, where appropriate, for differences in credit expenses, warranty expenses, and pre-sale and post-sale warehousing expenses on U.S. sales, in accordance with 19 CFR 353.56(a). We treated the pre-sale warehousing expense as a direct selling expense because UEF has an agreement with its U.S. customer that it will store the subject merchandise in a warehouse before it transfers title of the merchandise to its customer. In accordance with section 773(a)(1) of the Act, we then added U.S. packing costs to all home market prices. We did not deduct home market packing costs because UEF could not report them separately.

Where appropriate, we made adjustments to FMV to account for differences in physical characteristics of the merchandise, in accordance with 19 CFR 353.57.