

**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-201-805]

**Circular Welded Non-Alloy Steel Pipe and Tube From Mexico: Extension of Time Limit for the Preliminary Results of the Antidumping Duty New Shipper Review**

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

**Effective Date:** November 27, 2006.

**FOR FURTHER INFORMATION CONTACT:** John Drury or Patrick Edwards, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone (202) 482-0195 or (202) 482-8029, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

The U.S. Department of Commerce ("the Department") is conducting an antidumping new shipper review of circular welded non-alloy steel pipe and tube ("pipe and tube") from Mexico in response to a request by Conduit S.A. de C.V. ("Conduit"). This review covers shipments to the United States for the period November 1, 2005, through April 30, 2006, by Conduit. The Department received a timely request from Conduit in accordance with 19 CFR 351.214(c) for a new shipper review of the antidumping duty order on pipe and tube from Mexico. On July 10, 2006, the Department found that Conduit's request for review met all regulatory requirements set forth in 19 CFR 351.214(b) and initiated this new shipper review covering the period November 1, 2005, through April 30, 2006. *See Circular Welded Non-Alloy Steel Pipe and Tube from Mexico: Initiation of New Shipper Antidumping Duty Review*, 71 FR 38851 (July 10, 2006) ("Initiation Notice"). The preliminary results for this new shipper review are currently due no later than December 27, 2006.

**Extension of Time Limits for Preliminary Results**

Section 751(a)(2)(B)(iv) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.214(i)(1) require the Department to issue the preliminary results of a new shipper review within 180 days after the date on which the new shipper review was initiated. The Department may, however, extend the deadline for completion of the

preliminary results of a new shipper review from 180 days to 300 days if it determines that the case is extraordinarily complicated. *See* section 751(a)(2)(B)(iv) of the Act and 19 CFR 351.214(i)(2). The Department has determined that this new shipper review is extraordinarily complicated and that it is not practicable to complete the preliminary results within the current time limits.

As stated at initiation, the Department had concerns as to "whether Conduit's subject sale in this new shipper review constituted its first shipment of subject merchandise made to an unaffiliated customer in the United States\* \* \*". See Memorandum to the File from The Team through Richard Weible, Office 7 Director, regarding Initiation of AD New Shipper Review: Circular Welded Non-Alloy Steel Pipe and Tube from Mexico, dated June 30, 2006, ("Initiation Checklist") at 6. Accordingly, the Department requested entry documents from U.S. Customs and Border Protection ("CBP") to further analyze this issue. The Department only recently received the requested documents from CBP relating to the entries of subject merchandise in question and it was necessary for the Department to gather additional information from CBP officials. Additionally, there are supplemental questionnaires still pending in this new shipper review. Based on the timing of this case and the additional information that must be gathered and carefully analyzed, the preliminary results of this new shipper review cannot be completed within the statutory time limit of 180 days.

Accordingly, the Department is extending the time limit for the completion of the preliminary results of the new shipper review of Conduit by 120 days until no later than April 26, 2007, which is 300 days from the date on which this new shipper review was initiated. The deadline for the final results of this new shipper review continues to be 90 days after the publication of the preliminary results, unless extended.

This notice is published pursuant to sections 751(a)(2)(B)(iv) and 777(i)(1) of the Act.

Dated: November 20, 2006.

**Stephen J. Claeys,**

*Deputy Assistant Secretary for Import Administration.*

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-560-820, A-570-906, A-580-856]

**Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper from Indonesia, the People's Republic of China, and the Republic of Korea**

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

**EFFECTIVE DATE:** November 27, 2006.

**FOR FURTHER INFORMATION CONTACT:** Irina Itkin (Indonesia), Magd Zalok (People's Republic of China) or Joy Zhang (Republic of Korea), AD/CVD Operations, Office 2, Office 4, and Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0656, (202) 482-4162, or (202) 482-1168, respectively.

**SUPPLEMENTARY INFORMATION:****The Petitions**

On October 31, 2006, the Department of Commerce (the Department) received petitions concerning imports of coated free sheet paper (CFS) from Indonesia (Indonesian petition), the Republic of Korea (Korea) (Korean petition), and the People's Republic of China (PRC) (PRC petition) filed in proper form by NewPage Corporation (the petitioner). *See* the Petitions for the Imposition of Antidumping and Countervailing Duties Against Coated Free Sheet Paper From China, Indonesia, and Korea filed on October 31, 2006. On November 3, 13, and 16, 2006, the Department issued requests for additional information and clarification of certain areas of the petitions. Based on the Department's requests, the petitioner filed supplements to the petitions on November 9, 15, and 17, 2006. The period of investigation (POI) for Indonesia and Korea is October 1, 2005, through September 30, 2006. The POI for the PRC is April 1, 2006, through September 30, 2006.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that imports of CFS from Indonesia, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that the petitioner filed these petitions on behalf

of the domestic industry because the petitioner is an interested party as defined in section 771(9)(C) of the Act, and has demonstrated sufficient industry support with respect to the antidumping investigations that the petitioner is requesting that the Department initiate (*see* "Determination of Industry Support for the Petition" below).

### Scope of Investigations

The merchandise covered by each of these investigations includes coated free sheet paper and paperboard of a kind used for writing, printing or other graphic purposes. Coated free sheet paper is produced from not-more-than 10 percent by weight mechanical or combined chemical/mechanical fibers. Coated free sheet paper is coated with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating. Coated free sheet paper may be surface-colored, surface-decorated, printed (except as described below), embossed, or perforated. The subject merchandise includes single- and double-side-coated free sheet paper; coated free sheet paper in both sheet or roll form; and is inclusive of all weights, brightness levels, and finishes. The terms "wood free" or "art" paper may also be used to describe the imported product.

Excluded from the scope are: (1) Coated free sheet paper that is imported printed with final content printed text or graphics; (2) base paper to be sensitized for use in photography; and (3) paper containing by weight 25 percent or more cotton fiber.

Coated free sheet paper is classifiable under subheadings 4810.13.1900, 4810.13.2010, 4810.13.2090, 4810.13.5000, 4810.13.7040, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.7040, 4810.19.1900, 4810.19.2010, and 4810.19.2090 of the Harmonized Tariff Schedule of the United States (HTSUS). While HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

### Comments on Scope of Investigations

During our review of the petitions, we discussed the scope with the petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product

coverage. The Department encourages all interested parties to submit such comments within 20 calendar days of the publication of this notice. Comments should be addressed to Import Administration's Central Records Unit (CRU), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

### Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for (1) at least 25 percent of the total production of the domestic like product and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether the petitions have the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC) is responsible for determining whether "the domestic industry" has been injured and must also determine what constitutes a domestic like product in order to define the industry. While the Department and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to separate and distinct authority. *See* section 771(10) of the Act. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences

do not render the decision of either agency contrary to law.<sup>1</sup>

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information presented by the petitioner, we have determined that there is a single domestic like product, coated free sheet paper, which is defined in the "Scope of Investigations" section above, and we have analyzed industry support in terms of the domestic like product.

On November 15 and 16, 2006, we received submissions on behalf of Chinese and Indonesian producers of CFS questioning the industry support calculation. *See* "Office of AD/CVD Operations Initiation Checklist for the Antidumping Duty Petition on Coated Free Sheet Paper from Indonesia," at Attachment II (Nov. 20, 2006) (*Indonesia Initiation Checklist*), "Office of AD/CVD Operations Initiation Checklist for the Antidumping Duty Petition on Coated Free Sheet Paper from the Republic of Korea," at Attachment II (Nov. 20, 2006) (*Korea Initiation Checklist*), and "Office of AD/CVD Operations Initiation Checklist for the Antidumping Duty Petition on Coated Free Sheet Paper from the People's Republic of China," at Attachment II (Nov. 20, 2006) (*PRC Initiation Checklist*), on file in the CRU. Our review of the data provided in the petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support representing at least 25 percent of the total production of the domestic like product; and more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition, requiring no further action by the Department pursuant to section 732(c)(4)(D) of the Act. Therefore, the domestic producers (or workers) who support the petition

<sup>1</sup> *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), *citing Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (1988), *aff'd* 865 F.2d 240 (Fed Cir. 1989) *cert. denied* 492 U.S. 919 (1989).

account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, the domestic producers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Thus, the requirements of section 732(c)(4)(A)(ii) of the Act also are met. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See Indonesia Initiation Checklist* at Attachment II, *Korea Initiation Checklist* at Attachment II, and *PRC Initiation Checklist* at Attachment II.

#### **Allegations and Evidence of Material Injury and Causation**

With regard to Indonesia, Korea, and the PRC, the petitioner alleges that the U.S. industry producing the domestic like product is being materially injured and is threatened with material injury by reason of the individual and cumulated imports of the subject merchandise sold at less than fair value. The petitioner contends that the industry's injury is evidenced by reduced market share, increased inventories, reduced shipments, lost sales, reduced production, lower capacity and capacity utilization rates, decline in prices, lost revenue, reduced employment, and a decline in financial performance.

These allegations are supported by relevant evidence including import data, evidence of lost sales, and pricing information. We assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and have determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation. *See Indonesia Initiation Checklist* at Attachment III, *Korea Initiation Checklist* at Attachment III, and *PRC Initiation Checklist* Attachment III.

#### **Allegations of Sales at Less Than Fair Value**

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations on imports of CFS from Indonesia, Korea, and the PRC. The sources of data for the deductions and adjustments relating to the U.S. price, constructed value (CV) (for Indonesia and Korea), and the factors of production (for the PRC only) are also discussed in the

country-specific initiation checklists. *See Indonesia Initiation Checklist*, *Korea Initiation Checklist*, and *PRC Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will reexamine the information and revise the margin calculations, if appropriate.

#### **Indonesia and Korea**

##### **Export Price (EP)**

The petitioner calculated a single EP using the average unit values (AUVs) for import data collected by the U.S. Census Bureau for both Indonesia and Korea. The petitioner used a weighted average of two HTSUS numbers under which CFS is imported into the United States and that fall within the scope of the investigations. These HTSUS numbers contain imports of products which were most similar to the product on which the petitioner based normal value (NV) in the Indonesian and Korean petitions: 4810.14.19.00 and 4810.19.19.00.<sup>2</sup> In addition, these HTSUS numbers account for 48 percent of the volume of imports from Indonesia and 45 percent of the volume of imports from Korea. To be conservative, the petitioner did not make any adjustments to U.S. price.

##### **Use of a Third Country Market and Sales Below Cost Allegation**

With respect to NV, the petitioner stated that home market prices in Indonesia and Korea were not reasonably available. According to the petitioner, market intelligence in these countries is very difficult to obtain and sources of this information were either unable or unwilling to provide such data. The petitioner stated that it queried all available sources to identify Indonesian and Korean home market pricing data but was unsuccessful in its attempts. *See e.g.*, page 2 of the October 31, 2006, Indonesian petition and pages 1 and 2 of the November 9, 2006, supplement to the Indonesian petition; and page 2 of the October 31, 2006, Korean petition and page 1 of the November 9, 2006, supplement to the Korean petition.

Consequently, for Indonesia and Korea, the petitioner used statistics on Indonesia's and Korea's third-country exports based on official Indonesian and Korean export data for determining NV. In selecting the third-country market, the petitioner chose Malaysia for Indonesia, and Australia and

Bangladesh for Korea because: (1) These countries represent the largest third-country markets (for Indonesia and Korea, respectively) for scope merchandise during the POI; (2) the aggregate quantity of scope merchandise sold by Indonesian exporters to Malaysia, and Korean exporters to Australia and Bangladesh, accounted for more than five percent of the aggregate quantity of the scope merchandise sold in the United States; and (3) the product sold to the Malaysian market (for Indonesia) and to the Australian and Bangladeshi markets (for Korea) is comparable to the product that served as the basis for EP. After examining this evidence, we found the selection of Malaysia for Indonesia, and Australia and Bangladesh for Korea, as the comparison market to be reasonable.

The petitioner calculated third-country price for Indonesia and Korea using quantities and FOB values from official Indonesian and Korean export statistics.

The petitioner has provided information demonstrating reasonable grounds to believe or suspect that sales of CFS in the comparison markets (*i.e.*, Malaysia for Indonesia, and Australia and Bangladesh for Korea) were made at prices below the fully absorbed cost of production (COP), within the meaning of section 773(b) of the Act, and requested that the Department conduct country-wide sales-below-cost investigations. The Statement of Administrative Action (SAA), submitted to the Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. *See SAA*, H.R. Doc. No. 103-316 at 833 (1994). The SAA, at 833, states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

Further, the SAA provides that section 773(b)(2)(A) of the Act retains the requirement that the Department have "reasonable grounds to believe or suspect" that below-cost sales have occurred before initiating such an investigation. Reasonable grounds exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices. *Id.*

<sup>2</sup> The petitioner based the AUV on customs data for the period October 1, 2005, through August 30, 2006, the most recently available data for the POI at the time of the petition filing.

## Cost of Production

## Indonesia

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM); selling, general and administrative (SG&A) expenses; financial expenses; and packing expenses. The petitioner calculated the quantity of each of the inputs into COM (except factory overhead) and packing based on the input quantities of a U.S. CFS producer during the POI, multiplied by the value of inputs used to manufacture CFS in Indonesia using publicly available data adjusted for inflation. To calculate average factory overhead, SG&A and the financial expense rate, the petitioner relied on the most current financial statements of two Indonesian producers of CFS.

## Korea

Pursuant to section 773(b)(3) of the Act, COP consists of the COM; SG&A expenses; financial expenses; and packing expenses. The petitioner calculated COM (except for pulp and factory overhead) and packing expenses using input quantities based on the production experience of a U.S. CFS producer during the POI, multiplied by the value of inputs used to manufacture CFS in Korea using publicly available data. For pulp, the petitioner used input quantities from an independent study, multiplied by the costs incurred to manufacture CFS in Korea using publicly available data. To calculate average factory overhead, SG&A and the financial expense rates, the petitioner relied on the most current financial statements of six Korean producers of CFS.

## Indonesia and Korea

Based on a comparison of the Malaysian market prices of CFS for Indonesia, and the Australian and Bangladeshi market prices of CFS for Korea, to the COP calculated for Indonesia and Korea, respectively, in the petitions, we find reasonable grounds to believe or suspect that sales of the foreign like products in Malaysia (for Indonesia) and Australia and Bangladesh (for Korea) were made at prices below COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating country-wide cost investigations relating to third-country sales to Malaysia (for Indonesia) and to Australia and Bangladesh (for Korea). We note, however, that if we determine that the home markets (*i.e.*, Indonesia and Korea) are viable, our initiation of country-wide cost investigations with respect to sales to the third country

markets will be rendered moot. *See Indonesia Initiation Checklist and Korea Initiation Checklist.*

## Normal Value Based on CV

Because it alleged sales below cost, pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioner calculated NV based on CV for Indonesia and Korea. The petitioner calculated CV using the same average COM, SG&A, financial and packing figures used to compute the COP. The petitioner then added the average profit rate based on the most recent financial statements of two Indonesian producers of CFS for Indonesia and three Korean producers of CFS for Korea. *See Indonesia Initiation Checklist and Korea Initiation Checklist.*

## PRC

## EP

The petitioner calculated a single EP using the AUVs for import data collected by the U.S. Census Bureau. The petitioner used a weighted average of two HTSUS numbers under which CFS is imported into the United States and that fall within the scope of the investigation. These HTSUS numbers containing imports of products which were most similar to the product on which the petitioner based NV in the PRC petition: 4810.14.19.00 and 4810.19.19.00.<sup>3</sup> In addition, the HTSUS numbers account for over 87 percent of the imports of CFS from China, by volume. To calculate EP, the petitioner deducted foreign brokerage charges from the AUV (the petitioner did not deduct foreign inland freight charges from the AUV because it was unable to establish the distances between the Chinese mills and the ports closest to them). *See PRC Initiation Checklist.*

## Normal Value

The petitioner stated that the PRC was a non-market economy (NME) and no determination to the contrary has been made by the Department. In previous investigations, the Department has determined that the PRC is an NME. *See Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's Republic of China*, 70 FR 24502 (May 10, 2005), *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Magnesium Metal from the People's Republic of China*, 70 FR 9037 (Feb. 24, 2005) and *Notice of Final Determination*

<sup>3</sup> The petitioner based the AUV on customs data for the period April 1, 2006, through August 30, 2006, the most recently available data for the POI at the time of the petition filing.

*of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People's Republic of China*, 70 FR 7475 (Feb. 14, 2005). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for purposes of the initiation of this investigation. Accordingly, because available information does not permit the NV of the merchandise to be determined under section 773(a) of the Act, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

The petitioner identified India as the surrogate country, arguing that India is an appropriate surrogate, pursuant to section 773(c)(4) of the Act, because it is a market economy country that is at a level of economic development comparable to that of the PRC and is a significant producer and exporter of CFS. *See Volume II of the PRC petition at pages 2–3.* Based on the information provided by the petitioner, we believe that its use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, the Department will solicit comments regarding surrogate country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

The petitioner explained that the production process for CFS begins with the manufacture of groundwood free pulp, which involves the use of wood fiber as the primary raw material. The wood is then placed into digester cooking vessels and mixed with various chemicals to produce pulp which is then washed and bleached. The chemical pulp is then placed in a paper machine which spreads the pulp into a uniform flat surface and removes water from the pulp through both mechanical and thermal means. The last section of the paper machine consists of several calendaring rolls with a reel device for winding the paper into a roll, which is then sent through a coating process. *See Volume II of the PRC petition at pages 3 through 6, and Exhibit I–5.* The

petitioner stated that, to the best of its knowledge, Chinese producers manufacturing CFS use the same processes and machinery as U.S. producers, and many Chinese mills use Western technology and mills built by Western companies. According to the petitioner, many of the CFS mills in the PRC are fully integrated. See Volume II of the PRC petition at page 5.

The petitioner provided a dumping margin calculation using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C). See Volume II of the PRC petition at Exhibits II-5 and 14, as revised in Exhibits 3 and 4, respectively, of the November 9, 2006, supplement to the petition. According to the petitioner, the cost model provided in Exhibit II-5 of the PRC petition, as revised in Exhibit 2 of the November 17, 2006 supplement to the petition, reflects the cost of producing the type of paper (*i.e.*, 70 lb. (104g/m<sup>3</sup>) basis weight, grade 2, double-sided CFS) that can be imported under either of the tariff categories used to derive U.S. price, categories which comprise the majority of subject merchandise imports from the PRC during the POI. See *PRC Initiation Checklist*.

To determine the quantities of inputs for each raw material used by the PRC producers to produce CFS, the petitioner relied on its own production experience because it claimed that it is not aware of any publicly available information regarding the factor inputs and factor consumption rates pertaining to Chinese producers of CFS. In accordance with section 773(c)(4) of the Act, the petitioner valued factors of production, where possible, using reasonably available, public surrogate country data. To value certain factors of production, the petitioner used *Monthly Statistics of the Foreign Trade of India*, as published by the Directorate General of Commercial Intelligence and Statistics of the Ministry of Commerce and Industry, Government of India, and compiled by *World Trade Data Atlas* (WTA). Since there were no Indian imports of one minor input, the petitioner used import data for Indonesia from the WTA to value this input. See *PRC Initiation Checklist*.

Since Indian and Indonesian import values are expressed in a foreign currency, the petitioner converted these values into U.S. dollars using the exchange rates on Import Administration's Web site, [ia.ita.doc.gov/exchange/india.txt](http://ia.ita.doc.gov/exchange/india.txt), for the period during which the imports were made. The petitioner then inflated the resulting amounts to a POI value using the Indian and, where applicable,

Indonesian, Wholesale Price Index (WPI) for "All Commodities."<sup>4</sup>

#### See PRC Initiation Checklist

The Department calculates and publishes the surrogate values for labor to be used in NME cases on its Web site. Therefore, to value labor, the petitioner used a labor rate of \$0.97 per hour, published on the Department Web site, in accordance with the Department's regulations. See 19 CFR 351.408(c)(3) and the *PRC Initiation Checklist*.

The petitioner valued the various forms of energy used in the production of CFS based on the following sources: (1) the Indian electricity rate as reported by the U.S. Department of Energy for the year 2000, inflated to a POI value using the WPI for power, fuel, and lubrications published by the Reserve Bank of India (see Volume II of the PRC petition at page 9 and Exhibit II-9); (2) Indian natural gas prices charged to industrial users during a period overlapping the POI, as reported by CRISIL Research India (see Volume II of the PRC petition at page 9 and Exhibit II-10); (3) prices for hydrocarbon products (to value fuel oil) quoted by Bharat Petroleum Corporation, Ltd., which is, according to the petitioner, a major supplier of oil and other fuel products throughout India (see Volume II of the PRC petition at pages 9-10 and Exhibit II-11); and (4) the price of coal from the *TERI Energy Data Directory & Yearbook 2003/04*, inflated using the Indian WPI for power, fuel and lubricants, and converted from Rupees per metric ton to U.S. dollars per million British thermal units (see Volume II of the PRC petition at page 10 and Exhibit II-12). The Department revised the petitioner's value for natural gas to reflect the price in effect during the POI only. See *PRC Initiation Checklist* for further details.

The petitioner calculated surrogate financial ratios (overhead, SG&A, and profit) from the annual reports of two Indian producers of CFS: The 2004-2005 Annual Reports of Ballapur Industries, Ltd. (Ballapur) and the 2005-2006 Annual Report of Seshasayee Paper and Boards, Ltd. (Seshasayee). See Volume II of the PRC petition at page 10 and Exhibit I-13. The Department revised the petitioner's financial ratio calculations by including in the calculations certain financial statement line items that were omitted from the calculations and by reclassifying certain expenses used in the calculations. See *PRC Initiation Checklist*.

<sup>4</sup> Source: *International Financial Statistics*, IMF, October 2006.

#### Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of CFS from Indonesia, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on comparisons of EP to CV, calculated in accordance with section 773(a)(4) of the Act, the weighted-average dumping margin for CFS is 99.14 percent for Indonesia, and 71.81 percent for Korea. Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act and adjusted as noted above, the weighted-average dumping margin for CFS from the PRC is 99.65 percent.

#### Initiation of Antidumping Investigations

Based upon the examination of the petitions on CFS from Indonesia, Korea, and the PRC, the Department finds that the petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of CFS from Indonesia, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act, unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

#### Separate Rates and Quantity and Value Questionnaire

The Department recently modified the process by which exporters and producers may obtain separate-rate status in NME investigations. See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (*Separate Rates and Combination Rates Bulletin*), (Apr. 5, 2005), available on the Department's Web site at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. The process requires the submission of a separate-rate status application. Based on our experience in processing the separate-rate applications in the following antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete: *Initiation of Antidumping Duty Investigations: Certain Lined Paper Products from India, Indonesia, and the People's Republic of China*, 70 FR 58374, 58379 (Oct. 6, 2005), *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (Apr. 28,

2005) (*Artist Canvas from the PRC*) and *Initiation of Antidumping Duty Investigations: Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea*, 70 FR 35625, 35629 (June 21, 2005) (*Sawblades from the PRC and Korea*). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application is due no later than January 26, 2007.

NME Respondent Selection and Quantity and Value Questionnaire

For NME investigations, it is the Department's practice to request quantity and value information from all known exporters identified in the petition. In addition, the Department typically requests the assistance of the NME government in transmitting the Department's quantity and value questionnaire to all companies that manufacture and export subject merchandise to the United States, as well as to manufacturers that produce the subject merchandise for companies that were engaged in exporting subject merchandise to the United States during the POI. The quantity and value data received from NME exporters is used as the basis to select the mandatory respondents. Although many NME exporters respond to the quantity and value information request, at times some exporters may not have received the quantity and value questionnaire or may not have received it in time to respond by the specified deadline.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. This procedure will be applied to this and all future NME investigations. See *Artist Canvas from the PRC*, 70 FR at

21999, *Sawblades from the PRC and Korea*, 70 FR at 35629, and *Initiation of Antidumping Duty Investigation: Certain Activated Carbon from the People's Republic of China*, 71 FR 16757, 16760 (Apr. 4, 2006). Appendix I of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters no later than December 27, 2006. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the IA Web site: <http://ia.ita.doc.gov/ia-highlights-and-news.html>. The Department will send the quantity and value questionnaire to those companies identified in Exhibit I-5 of Volume I of the PRC petition and the NME government.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The *Separate Rates and Combination Rates Bulletin*, states:

[W]hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

*Separate Rates and Combination Rates Bulletin*, at page 6.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, copies of the

public versions of the petitions have been provided to the representatives of the Governments of Indonesia, Korea, and the PRC. We will attempt to provide a copy of the public version of the petitions to the foreign producers/exporters named in the petitions.

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the International Trade Commission

The ITC will preliminarily determine, no later than December 15, 2006, whether there is a reasonable indication that imports of CFS from Indonesia, Korea, and the PRC are materially injuring, or threatening material injury to, a U.S. industry. A negative ITC determination with respect to any of the investigations will result in those investigations being terminated; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: November 20, 2006.

David M. Spooner,  
Assistant Secretary for Import Administration.

APPENDIX I

Where it is not practicable to examine all known producers/exporters of subject merchandise, section 777A(c)(2) of the Tariff Act of 1930 (as amended) permits us to investigate 1) a sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or 2) exporters and producers accounting for the largest volume and value of the subject merchandise that can reasonably be examined. In the chart below, please provide the total quantity and total value of all your sales of merchandise covered by the scope of this investigation (see scope section of this notice), produced in the PRC, and exported/shipped to the United States during the period April 1, 2006, through September 30, 2006.

Market	Total Quantity	Terms of Sale	Total Value
United States			
1. Export Price Sales .....	.....	.....	.....
2. ....	.....	.....	.....
a. Exporter name .....	.....	.....	.....
b. Address .....	.....	.....	.....
c. Contact .....	.....	.....	.....
d. Phone No .....	.....	.....	.....
e. Fax No .....	.....	.....	.....
3. Constructed Export Price Sales .....	.....	.....	.....
4. Further Manufactured .....	.....	.....	.....

Market	Total Quantity	Terms of Sale	Total Value
United States			
Total Sales .....	.....	.....	.....

**Total Quantity:**

- Please report quantity on a metric ton basis. If any conversions were used, please provide the conversion formula and source.

**Terms of Sales:**

- Please report all sales on the same terms (e.g., free on board).

**Total Value:**

- All sales values should be reported in U.S. dollars. Please indicate any exchange rates used and their respective dates and sources.

**Export Price Sales:**

- Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs before importation into the United States.
- Please include any sales exported by your company directly to the United States;
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please do not include any sales of merchandise manufactured in Hong Kong in your figures.

**Constructed Export Price Sales:**

- Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation.
- Please include any sales exported by your company directly to the United States;
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please do not include any sales of merchandise manufactured in Hong Kong in your figures.

**Further Manufactured:**

- Further manufacture or assembly costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expense, interest expense, and additional packing expense incurred in the country of further manufacture, as well as all costs involved in

moving the product from the U.S. port of entry to the further manufacturer.

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-823-809]

**Steel Concrete Reinforcing Bars From Ukraine; Preliminary Results of the Sunset Review of Antidumping Duty Order**

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

**SUMMARY:** On August 1, 2006, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on steel concrete reinforcing bars from Ukraine. On the basis of the notice of intent to participate, and complete substantive responses filed on behalf of the domestic and respondent interested parties, the Department is conducting a full sunset review of the antidumping duty order pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act") and 19 CFR 351.218(e)(2)(i). As a result of this sunset review, the Department preliminarily finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the level listed below in the section entitled "Preliminary Results of Review."

**EFFECTIVE DATE:** November 27, 2006.

**FOR FURTHER INFORMATION CONTACT:** Audrey R. Twyman, Damian Felton, or Brandon Farlander, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-3534, 202-482-0133, and 202-482-0182, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

On August 1, 2006, the Department published its notice of initiation of the sunset review of the antidumping duty order on steel concrete reinforcing bars from Ukraine, in accordance with section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Reviews*, 71 FR

43443 (August 1, 2006) ("Notice of Initiation").

The Department received a notice of intent to participate from the following domestic parties: The Rebar Trade Action Coalition and its individual producer members, Nucor Corporation, CMC Steel Group, and Gerdau Ameristeel, as well as domestic producers TAMCO Steel and Schnitzer Steel Industries, Inc. ("Schnitzer") ("domestic interested parties"), within the deadline specified in 19 CFR 351.218(d)(1)(i). These companies claimed interested party status under section 771(9)(C) of the Act, as manufacturers of a domestic-like product in the United States.

The Department received a complete substantive response to the notice of initiation from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). In this response, Cascade Steel Rolling Mills, Inc. ("Cascade") was substituted for Schnitzer as a domestic interested party. Cascade is a wholly owned subsidiary of Schnitzer. Also, Steel Dynamics, Inc. ("SDI") was added as a domestic producer. Because SDI did not file a notice of intent to participate in this review, it is not eligible to file a substantive response. *See* 19 CFR 351.218(d)(iii)(A). Therefore, the domestic interested parties are now the Rebar Trade Action Coalition and its individual producer members Nucor Corporation, CMC Steel Group, and Gerdau Ameristeel, as well as TAMCO Steel, and Cascade. The Department received a complete substantive response from respondent interested party, Open Joint Stock Company "Mittal Steel Kryviy Rih"<sup>1</sup> ("Mittal Steel" or the "respondent interested party"), within the deadline specified in 19 CFR 351.218(d)(3)(i). On September 5, 2006, the Department received a rebuttal to Mittal Steel's substantive response from the domestic interested parties.

19 CFR 351.218(e)(1)(ii)(A) provides that the Secretary normally will conclude that respondent interested

<sup>1</sup> Mittal Steel notified the Department in its substantive response that as of November 2005, its name was changed due to an ownership change. Mittal Steel stated that its former name was "Krivorožstal" Steel Works. The Department has neither conducted a changed circumstances review for this company, nor made a successor-in-interest determination.