

Antidumping Duty Proceedings

Antifriction Bearings, Ball and Spherical Plain from France (A-427-801)

Antifriction Bearings, Ball from Germany (A-428-801)

Antifriction Bearings, Ball from Italy (A-475-801)

Antifriction Bearings, Ball from Japan (A-588-804)

Antifriction Bearings, Ball from Singapore (A-559-801)

Antifriction Bearings, Ball from the United Kingdom (A-412-801)

Glycine from the People's Republic of China (A-570-836)

Tapered Roller Bearings from the People's Republic of China (A-570-601)

Countervailing Duty Proceedings

No countervailing duty proceedings are scheduled for initiation in June 2005.

Suspended Investigations

No suspended investigations are scheduled for initiation in June 2005.

The Department's procedures for the conduct of sunset reviews are set forth in 19 CFR 351.218. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98.3--Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin"). The Notice of Initiation of Five-year ("Sunset") Reviews provides further information regarding what is required of all parties to participate in sunset reviews.

Please note that if the Department receives a Notice of Intent to Participate from a member of the domestic industry within 15 days of the date of initiation, the review will continue. Thereafter, any interested party wishing to participate in the sunset review must provide substantive comments in response to the notice of initiation no later than 30 days after the date of initiation.

This notice is not required by statute but is published as a service to the international trading community.

Dated: May 6, 2005.

Holly A. Kuga,

Senior Office Director, AD/CVD Operations, Office 4 for Import Administration.

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DEPARTMENT OF COMMERCE**International Trade Administration**

A-427-801, A-428-801, A-475-801, A-588-804, A-559-801, A-412-801

Antifriction Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Reviews

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

SUMMARY: In response to requests from interested parties, the Department of Commerce is conducting administrative reviews of the antidumping duty orders on antifriction bearings (other than tapered roller bearings) and parts thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom. The merchandise covered by these orders are ball bearings and parts thereof (ball bearings) from France, Germany, Italy, Japan, Singapore, and the United Kingdom and spherical plain bearings and parts thereof from France. The reviews cover 19 manufacturers/exporters. The period of review is May 1, 2003, through April 30, 2004.

We have preliminarily determined that sales have been made below normal value by various companies subject to these reviews. If these preliminary results are adopted in our final results of administrative reviews, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries.

We invite interested parties to comment on these preliminary results. Parties who submit comments in these reviews are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument.

EFFECTIVE DATE: May 13, 2005.

FOR FURTHER INFORMATION CONTACT:

Richard Rimlinger or Kristin Case, AD/CVD Operations, Office 5, 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 May 15, 1989, the Department published in the **Federal Register** (54 FR 20900) the antidumping duty orders on ball bearings from France, Germany, Italy, Japan, Singapore, and the United Kingdom, and on spherical plain bearings and parts thereof from France.

On June 30, 2004, in accordance with 19 CFR 351.213(b), we published a notice of initiation of administrative reviews of these orders (68 FR 39055). The list of companies for which we have initiated administrative reviews are as follows:

France:

- * SKF France S.A. or Sarma (SKF France) - ball bearings and spherical plain bearings
- * SNR Roulements or SNR Europe (SNR) - ball bearings only
- * Weber Kugellager International - ball bearings only

Germany:

- * Gebrüder Reinfurt GmbH & Co., KG, Würzburg, Germany (GRW)
- * INA-Schaeffler KG; INA Vermögensverwaltungsgesellschaft GmbH; INA Holding Schaeffler KG; FAG Kugelfischer Georg-Schaefer AG; FAG Automobiltechnik AG; FAG OEM und Handel AG; FAG Komponenten AG; FAG Aircraft/Super Precision Bearings GmbH; FAG Industrial Bearings AG; FAG Sales Europe GmbH; FAG International Sales and Service GmbH (collectively FAG/INA)
- * Paul Mueller Industrie GmbH & Co. KG {also listed as GMN (Georg Mueller Nuremberg)}; Paul Mueller GmbH & Co. KG Unternehmensbeteiligungen (collectively Paul Mueller)
- * SKF GmbH (SKF Germany)
- * Weber Kugellager International

Italy:

- * FAG Italia S.p.A.; FAG Automobiltechnik AG; FAG OEM und Handel AG (collectively FAG Italy)
- * SKF Industrie S.p.A.; SKF RIV-SKF Officine di Villas Perosa S.p.A.; RFT S.p.A.; OMVP S.p.A. (collectively SKF Italy)
- * Weber Kugellager International

Japan:

- * Asahi Seiko Co., Ltd. (Asahi)
- * Koyo Seiko Co., Ltd. (Koyo)
- * NSK Ltd. (NSK)
- * NTN Corporation (NTN)
- * Nachi-Fujikoshi Corporation (Nachi)
- * Nankai Seiko Co., Ltd. (SMT)
- * Nippon Pillow Block Company, Ltd. (NPB)
- * Osaka Pump Co., Ltd. (Osaka Pump)
- * Sapporo Precision Inc. (Sapporo)
- * Takeshita Seiko Co., Ltd. (Takeshita)

Singapore:

- * NMB Singapore Ltd.; Pelmecon Industries (Pte.) Ltd.; NMB Technologies Corporation (collectively NMB/Pelmecon)

United Kingdom:

- * The Barden Corporation (UK) Limited; FAG (U.K.) Limited (collectively Barden/FAG)

- * NSK Bearings Europe (NSK UK)
- * SKF Aeroengine Bearings UK (formerly known as Aeroengine Bearings UK or NSK Aerospace) (SKF UK)

Rescission of Reviews

Subsequent to the publication of our initiation notice, we received timely withdrawals of the requests we had received for reviews of NSK UK and Nachi with respect to ball bearings from the United Kingdom and Japan, respectively. Additionally, we received timely withdrawals of the requests we had received for reviews of Weber Kugellager International with respect to ball bearings from France, Germany, and Italy. Finally, we received a timely withdrawal of the request we had received for SKF France with respect to spherical plain bearings. Because there were no other requests for review for these companies and no interested party objected, we are rescinding the reviews with respect to these companies in accordance with 19 CFR 351.213(d). Additionally, because we determined during the previous administrative review to revoke the antidumping duty order on ball bearings and parts thereof from Germany which were produced and exported by Paul Mueller and entered or withdrawn from warehouse for consumption on or after May 1, 2003, we are rescinding the review with respect to Paul Mueller. See *Antifriction Bearings and Parts Thereof From France, Germany, Italy, Japan, Singapore, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Rescission of Administrative Reviews in Part, and Determination To Revoke Order in Part*, 69 FR 55574, 55578 (September 15, 2004) (AFBs 14).

Scope of Orders

The products covered by the orders are ball bearings (other than tapered roller bearings) and parts thereof. These products include all antifriction bearings that employ balls as the rolling element. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts, ball bearings (including radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof.

Imports of these products are classified under the following *Harmonized Tariff Schedules* (HTSUS) subheadings: 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.5010, 8431.20.00, 8431.39.0010, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.2580, 8482.99.35,

8482.99.6595, 8483.20.40, 8483.20.80, 8483.50.8040, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.6060, 8708.70.8050, 8708.93.30, 8708.93.5000, 8708.93.6000, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.4960, 8708.99.50, 8708.99.5800, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

Although the HTSUS item numbers above are provided for convenience and customs purposes, the written descriptions of the scope of these orders remain dispositive.

The size or precision grade of a bearing does not influence whether the bearing is covered by one of the orders. These orders cover all the subject bearings and parts thereof (inner race, outer race, cage, rollers, balls, seals, shields, etc.) outlined above with certain limitations. With regard to finished parts, all such parts are included in the scope of the these orders. For unfinished parts, such parts are included if they have been heat-treated or heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by these orders are those that will be subject to heat treatment after importation. The ultimate application of a bearing also does not influence whether the bearing is covered by the orders. Bearings designed for highly specialized applications are not excluded. Any of the subject bearings, regardless of whether they may ultimately be utilized in aircraft, automobiles, or other equipment, are within the scope of these orders.

For a listing of scope determinations which pertain to the orders, see the Scope Determination Memorandum (Scope Memorandum) from the Antifriction Bearings Team to Laurie Parkhill, dated April 15, 2005. The Scope Memorandum is on file in the Central Records Unit (CRU), Main Commerce Building, Room B-099, in the General Issues record (A-100-001) for the 03/04 reviews.

Verification

As provided in section 782(i) of the Tariff Act of 1930, as amended ("the Act"), we have verified information provided by certain respondents using standard verification procedures, including on-site inspection of the manufacturers' facilities, the examination of relevant sales and financial records, and the selection of original documentation containing relevant information. Specifically, we conducted verifications of the following respondents: Asahi, Barden/FAG, FAG/INA, GRW, NPB, NMB Pelmech, NSK,

Sapporo, SKF Germany, SKF Italy, SMT, and Sapporo. Our verification results are outlined in the public versions of the verification reports, which are on file in the CRU, Room B-099.

Use of Adverse Facts Available

In accordance with section 776(a) of the Act, we preliminarily determine that the use of facts available as the basis for the weighted-average dumping margin is appropriate for SKF UK. SKF UK did not submit a response to our antidumping duty questionnaire.¹ Consequently, we find that it has withheld "information that has been requested by the administering authority" under section 776(a)(2)(A) of the Act and we must use facts otherwise available to calculate a margin for SKF UK.

In accordance with section 776(b) of the Act, we are making an adverse inference in our application of the facts available. This is appropriate because SKF UK has not provided a response to our request for information and has not provided any acceptable rationale for its failure to respond. Therefore, we find that SKF UK has not acted to the best of its ability in providing us with relevant information which is under its control. As adverse facts available for SKF UK, we have applied the highest rate which we have calculated for any company in any segment of the proceeding on ball bearings from the United Kingdom. We have selected this rate because it is sufficiently high as to reasonably assure that SKF UK does not obtain a more favorable result by failing to cooperate. We calculated this rate, 61.14 percent, for SKF UK in the original less-than-fair-value investigation. See *Final Determinations of Sales at Less Than Fair Value: Antifriction Bearings (Other Than Spherical Plain Bearings and Tapered Roller Bearings) and Parts Thereof From the United Kingdom; and Final Determination of Sales at Not Less Than Fair Value: Spherical Plain Bearings and Parts Thereof From the United Kingdom*, 84 FR 19120, 19125 (May 3, 1989).

Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information used for facts available by reviewing independent sources reasonably at its disposal. Information

¹ See memorandum from analyst to Laurie Parkhill, "The Use of Facts Available and Corroboration of Secondary Information for Aeroengine Bearings UK in the 2003/2004 Administrative Review of the Antidumping Duty Order on Ball Bearings and Parts Thereof from the United Kingdom," dated May 6, 2005 (Corroboration Memo).

from a prior segment of the proceeding or from another company in the same proceeding constitutes secondary information. The Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, at 870 (1994) (SAA), provides that the word "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value. As explained in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings Four Inches or Less in Outside Diameter, and Components Thereof, from Japan: Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996) (*Tapered Roller Bearings and Parts Thereof from Japan*), in order to corroborate secondary information, the Department will examine, to the extent practicable, the reliability and relevance of the information used. Unlike other types of information, however, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for margins is administrative determinations. Thus, with respect to an administrative review, if the Department chooses as facts available a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period.

With respect to the relevance aspect of corroboration, however, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render a margin not relevant. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin. See *Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812, 6814 (February 22, 1996), where the Department disregarded the highest dumping margin as best information available because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin. Further, in accordance with *F.LII De Cecco Di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1034 (Fed. Cir. 2000), we also examine whether information on the record would support the selected rates as reasonable facts available. This rate is the current cash-deposit rate for a number of firms, was applied to SKF

UK in the previous review, and there is no information reasonably at our disposal that would indicate that there are circumstances which would render the margin not relevant at this time. Therefore, we find that the rate which we are using for these preliminary results has probative value. See *Corroboration Memo*.

Furthermore, there is no information on the record that demonstrates that the rate we have selected is inappropriate for use as the total adverse facts-available rate for the company in question. Therefore, we consider the selected rate to have probative value with respect to the firm in question in this review and to reflect the appropriate adverse inferences.

Export Price and Constructed Export Price

For the price to the United States, we used export price (EP) or constructed export price (CEP) as defined in sections 772(a) and (b) of the Act, as appropriate. Due to the extremely large volume of transactions that occurred during the period of review and the resulting administrative burden involved in calculating individual margins for all of these transactions, we sampled CEP sales in accordance with section 777A of the Act. When a firm made more than 10,000 CEP sales transactions to the United States of merchandise subject to a particular order, we reviewed CEP sales that occurred during sample weeks. We selected one week from each two-month period in the review period, for a total of six weeks, and analyzed each transaction made in those six weeks. The sample weeks are as follows: May 11 - May 17, 2003; July 27 - August 2, 2003; September 7 - 13, 2003; December 7 - 13, 2003; January 4 - 10, 2004; April 4 - 10, 2004. We reviewed all EP sales transactions made during the period of review.

We calculated EP and CEP based on the packed F.O.B., C.I.F., or delivered price to unaffiliated purchasers in, or for exportation to, the United States. We made deductions, as appropriate, for discounts and rebates. We also made deductions for any movement expenses in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act and the SAA at 823-824, we calculated the CEP by deducting selling expenses associated with economic activities occurring in the United States, which includes commissions, direct selling expenses, and U.S. repacking expenses. In accordance with section 772(d)(1) of the Act, we also deducted those indirect selling expenses associated with economic activities

occurring in the United States and the profit allocated to expenses deducted under sections 772(d)(1) in accordance with sections 772(d)(3) and 772(f) of the Act. In accordance with section 772(f) of the Act, we computed profit based on the total revenues realized on sales in both the U.S. and home markets, less all expenses associated with those sales. We then allocated profit to expenses incurred with respect to U.S. economic activity based on the ratio of total U.S. expenses to total expenses for both the U.S. and home market. When appropriate, in accordance with section 772(d)(2) of the Act, we also deducted the cost of any further manufacture or assembly, except where we applied the special rule provided in section 772(e) of the Act. See below. Finally, we made an adjustment for profit allocated to these expenses in accordance with section 772(d)(3) of the Act.

With respect to subject merchandise to which value was added in the United States prior to sale to unaffiliated U.S. customers, e.g., parts of bearings that were imported by U.S. affiliates of foreign exporters and then further processed into other products which were then sold to unaffiliated parties, we determined that the special rule for merchandise with value added after importation under section 772(e) of the Act applied to all firms that added value in the United States except NPB and Asahi.

Section 772(e) of the Act provides that, when the subject merchandise is imported by an affiliated person and the value added in the United States by the affiliated person is likely to exceed substantially the value of the subject merchandise, we shall determine the CEP for such merchandise using the price of identical or other subject merchandise sold by the exporter or producer to an unaffiliated customer, if there is a sufficient quantity of sales to provide a reasonable basis for comparison and we determine that the use of such sales is appropriate. If there is not a sufficient quantity of such sales or if we determine that using the price of identical or other subject merchandise is not appropriate, we may use any other reasonable basis to determine the CEP.

To determine whether the value added is likely to exceed substantially the value of the subject merchandise, we estimated the value added based on the difference between the averages of the prices charged to the first unaffiliated purchaser for the merchandise as sold in the United States and the averages of the prices paid for the subject merchandise by the affiliated purchaser. Based on this analysis, we determined that the

estimated value added in the United States by all further-manufacturing firms, except NPB and Asahi, accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States. See 19 CFR 351.402(c) for an explanation of our practice on this issue. Therefore, we preliminarily determine that for these firms the value added is likely to exceed substantially the value of the subject merchandise. Also, for these firms, we determine that there was a sufficient quantity of sales remaining to provide a reasonable basis for comparison and that the use of these sales is appropriate. See analysis memoranda for Barden U.K., INA/FAG, Koyo, NSK, NTN, SKF France, SKF Germany, and SKF Italy, dated May 6, 2005. Accordingly, for purposes of determining dumping margins for the sales subject to the special rule, we have used the weighted-average dumping margins calculated on sales of identical or other subject merchandise sold to unaffiliated persons.

For NPB and Asahi, we determined that the special rule did not apply because the value added in the United States did not exceed substantially the value of the subject merchandise. Consequently, these firms submitted complete responses to our further-manufacturing questionnaire which included the costs of the further processing performed by their U.S. affiliates. Because the majority of their products sold in the United States were further processed, we analyzed all sales.

No other adjustments to EP or CEP were claimed or allowed.

Home-Market Sales

Based on a comparison of the aggregate quantity of home-market and U.S. sales and absent any information that a particular market situation in the exporting country did not permit a proper comparison, we determined that the quantity of foreign like product sold by all respondents in the exporting country was sufficient to permit a proper comparison with the sales of the subject merchandise to the United States, pursuant to section 773(a) of the Act. Each company's quantity of sales in its home market was greater than five percent of its sales to the U.S. market. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, we based normal value on the prices at which the foreign like product was first sold for consumption in the exporting country in the usual commercial quantities and in the ordinary course of trade and, to the extent practicable, at the same level of trade as the EP or CEP sales.

Due to the extremely large number of transactions that occurred during the period of review and the resulting administrative burden involved in examining all of these transactions, we sampled sales to calculate normal value in accordance with section 777A of the Act. When a firm had more than 10,000 home-market sales transactions on a country-specific basis, we used sales in sample months that corresponded to the sample weeks which we selected for U.S. CEP sales, sales in a month prior to the period of review, and sales in the month following the period of review. The sample months were February, May, July, September, and December of 2003, and January, April, and May of 2004.

The Department may calculate normal value based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales at arm's-length prices. See 19 CFR 351.403(c). We excluded sales to affiliated customers for consumption in the home market that we determined not to be at arm's-length prices, the Department compared the prices of sales of comparable merchandise to affiliated and unaffiliated customers, net of all rebates, movement charges, direct selling expenses, and packing. Pursuant to 19 CFR 351.403(c) and in accordance with our practice, when the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise comparable to that sold to the affiliated party, we determined that the sales to the affiliated party were at arm's-length prices. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002). We included in our calculation of normal value those sales to affiliated parties that were made at arm's-length prices.

Cost of Production

Because we disregarded below-cost sales in accordance with section 773(b) of the Act in the last completed review with respect to ball bearings sold by Barden, Asahi Seiko, INA/FAG, Koyo, NTN, NPB, NSK, NMB/Pelmec, SKF France, SKF Italy, SNR, FAG Italy, and SKF Germany (see *AFBs* 14, 69 FR at 55576), we had reasonable grounds to believe or suspect that sales of the foreign like product under consideration for the determination of normal value in these reviews may have been made at prices below the cost of production

(COP) as provided by section 773(b)(2)(A)(ii) of the Act. Therefore, pursuant to section 773(b)(1) of the Act, we conducted COP investigations of sales by these firms in the home market. Also, we received allegations in proper form that Osaka Pump, Takeshita, and GRW had made home-market sales below their COP and we conducted COP investigations of home-market sales of these firms as well.

In accordance with section 773(b)(3) of the Act, we calculated the COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product, the selling, general, and administrative (SG&A) expenses, and all costs and expenses incidental to packing the merchandise. In our COP analysis, we used the home-market sales and COP information provided by each respondent in its questionnaire responses.

The petitioner requested on January 11, 2005, that, with respect to purchases of the foreign like product from unaffiliated parties, the Department require the respondents to provide the actual cost information from the unaffiliated suppliers instead of the acquisition cost for those items. Because this request came well after the Department had received questionnaire responses and because the Department has accepted the acquisition costs for purposes of the COP test and when calculating constructed value in previous segments of these proceedings, the Department has determined to use the reported acquisition costs for purposes of these ongoing reviews. We will require the respondents to report COP and constructed-value information for purchases from their unaffiliated suppliers where facts in any 2005/06 reviews of these orders reflect the facts in other proceedings in which we have required respondents to report such information from unaffiliated suppliers. For further discussion of this issue see the Memorandum for Barbara E. Tillman from Laurie Parkhill, *Ball Bearings from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Whether to Use Acquisition Cost or Unaffiliated Suppliers' Cost of Production*, dated May 6, 2005, available in the CRU.

After calculating the COP, in accordance with section 773(b)(1) of the Act, we tested whether home-market sales of the foreign like product were made at prices below the COP within an extended period of time in substantial quantities and whether such prices permitted the recovery of all costs within a reasonable period of time. We compared model-specific COPs to the reported home-market prices less any

applicable movement charges, discounts, and rebates.

Pursuant to section 773(b)(2)(C) of the Act, when less than 20 percent of a respondent's sales of a given product during the period of review were at prices less than the COP, we disregarded the below-cost sales because they were made in substantial quantities within an extended period of time pursuant to sections 773(b)(2)(B) and (C) of the Act and because, based on comparisons of prices to weighted-average COPs for the period of review, we determined that these sales were at prices which would not permit recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act. See analysis memoranda for Asahi Seiko, Barden/FAG, FAG Italy, INA/FAG, Koyo, Nankai Seiko, NMB/Pelmeq, NTN, NPB, NSK, Osaka Pump, GRW, Takeshita, SNR, SKF France, SKF Italy, and SKF Germany, dated May 6, 2005. Based on this test, we disregarded below-cost sales with respect to all of the above-mentioned companies.

Model-Match Methodology

In *Antifriction Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Preliminary Results Of Antidumping Duty Administrative Reviews, Partial Rescission Of Administrative Reviews, Notice Of Intent To Rescind Administrative Reviews, And Notice Of Intent To Revoke Order In Part*, 69 FR 5949, 5955–56 (February 9, 2004) (*AFBs 14 Prelim*), we indicated that we had received a suggestion from the petitioner to alter our model-match methodology. The petitioner asserted that, instead of averaging the sales of all of the home-market models within a family as the Department had done in previous reviews, it would be more accurate to compare U.S. sales to sales of the single most similar home-market model in those cases where an identical match cannot be found in the home market. Although we did not change our approach in the 02/03 reviews, we invited comments from all interested parties on the proposed change to our model-match methodology. Based on our review of the record, we have decided to implement a change in our model-match methodology. For a full discussion and analysis of the model-match methodology for these reviews, see Memorandum from Barbara Tillman to Joseph A. Spetrini, *Antidumping Duty Reviews on Antifriction Bearings (and Parts Thereof) From France, Germany, Italy, Japan, Singapore, and the United Kingdom - Model-Match*

Methodology, dated May 6, 2005 (Model-Match Memorandum).

We compared U.S. sales with sales of the foreign like product in the home market. Specifically, in making our comparisons, we used the following methodology. If an identical home-market model was reported, we made comparisons to weighted-average home-market prices that were based on all sales which passed the cost test of the identical product during the relevant month. If there were no contemporaneous sales of an identical model, we identified the most similar home-market model. To determine the most similar model, we limited our examination to models sold in the home market that had the same bearing design, load direction, number of rows, and precision grade. Next, we calculated the sum of the deviations (expressed as a percentage of the value of the U.S. characteristics) of the inner diameter, outer diameter, width, and load rating for each potential home-market match and selected the bearing with the smallest sum of the deviations. If two or more bearings had the same sum of the deviations, we selected the model that had the smallest difference-in-merchandise adjustment. Finally, if no bearing sold in the home market had a sum of the deviations that was less than 40 percent, we concluded that no appropriate comparison existed in the home market and we used the constructed value of the U.S. model as normal value. See *Model-Match Memorandum*.

As a result of our decision to change the model-match methodology, we collected and examined physical-characteristics information for these reviews which allowed us to ensure that we made appropriate matches under the new methodology. In some instances, we have examined the respondents' information concerning physical characteristics of the merchandise in more depth than in previous reviews under the earlier "family" methodology. We expect that, as our use of this methodology continues, we will examine such information in even more detail. See, e.g., analysis memorandum for Asahi Seiko dated May 6, 2005.

Normal Value

Home-market prices were based on the packed, ex-factory, or delivered prices to affiliated or unaffiliated purchasers. When applicable, we made adjustments for differences in packing and for movement expenses in accordance with sections 773(a)(6)(A) and (B) of the Act. We also made adjustments for differences in cost attributable to differences in physical

characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411 and for differences in circumstances of sale in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. For comparisons to EP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from and adding U.S. direct selling expenses to normal value. For comparisons to CEP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from normal value. We also made adjustments, when applicable, for home-market indirect selling expenses to offset U.S. commissions in EP and CEP calculations.

For some companies, we recalculated or denied certain claims by respondents for adjustments to normal value. For Barden's home-market sales which were billed in U.S. dollars, we used the actual, unconverted U.S.-dollar-denominated price as the starting point for normal value and converted sterling-denominated adjustments, using the exchange rate on the date of sale of the U.S. sale. For Osaka Pump, we made quantity adjustments to two observations for returned merchandise as reported in Osaka Pump's response. For NSK, we removed the lump-sum billing adjustment NSK reported for one customer because the reported adjustment was not relevant to sales of the foreign like product. For NPB, we used facts available to recalculate credit expenses in the home market because NPB had discounted some of the promissory notes it received for its home-market sales but did not report the details fully including the discount rate it paid with respect to these transactions. For NTN, we changed its bearing-design classifications, did not accept its claim for elimination of so-called sample sales from the calculation of normal value, and recalculated U.S. customs duties, indirect selling expenses for U.S. sales, inventory carrying costs for home-market and U.S. sales, and packing for home-market sales. We rejected Asahi's claim that some models it sold in the United States are virtually identical to models sold in the home market even though the inner-diameter dimensions of the inner ring are different. Finally, for Koyo and consistent with *AFBs 14* (see our response to Comment 21), we denied a home-market billing adjustment that Koyo granted on a model-specific basis but reported on a broad customer-specific basis because we found that the allocation of this adjustment resulted in its allocation over sales of models for

which Koyo had not granted an adjustment, and over sales that had occurred outside the period of time for which Koyo had granted the adjustment to the customer. For a more detailed discussion of the individual changes, please see the Department's company-specific analysis memoranda dated May 6, 2005.

In accordance with section 773(a)(1)(B)(i) of the Act, we based normal value, to the extent practicable, on sales at the same level of trade as the export price or CEP. If normal value was calculated at a different level of trade, we made an adjustment, if appropriate and if possible, in accordance with section 773(a)(7)(A) of the Act. See *Level of Trade* section below.

Constructed Value

In accordance with section 773(a)(4) of the Act, we used constructed value as the basis for normal value when there were no usable sales of the foreign like product in the comparison market. We calculated constructed value in accordance with section 773(e) of the Act. We included the cost of materials and fabrication, SG&A expenses, U.S. packing expenses, and profit in the calculation of constructed value. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by each respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the home market.

When appropriate, we made adjustments to constructed value in accordance with section 773(a)(8) of the Act, 19 CFR 351.410, and 19 CFR 351.412 for circumstance-of-sale differences and level-of-trade differences. For comparisons to EP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from and adding U.S. direct selling expenses to constructed value. For comparisons to CEP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from constructed value. We also made adjustments, when applicable, for home-market indirect selling expenses to offset U.S. commissions in EP and CEP comparisons.

When possible, we calculated constructed value at the same level of trade as the export price or CEP. If constructed value was calculated at a different level of trade, we made an adjustment, if appropriate and if possible, in accordance with sections 773(a)(7) and (8) of the Act.

Level of Trade

To the extent practicable, we determined normal value for sales at the same level of trade as the U.S. sales (either export price or CEP). When there were no sales at the same level of trade, we compared U.S. sales to home-market sales at a different level of trade. The normal-value level of trade is that of the starting-price sales in the home market. When normal value is based on constructed value, the level of trade is that of the sales from which we derived SG&A and profit.

To determine whether home-market sales are at a different level of trade than U.S. sales, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales were at a different level of trade from that of a U.S. sale and the difference affected price comparability, as manifested in a pattern of consistent price differences between the sales on which normal value is based and comparison-market sales at the level of trade of the export transaction, we made a level-of-trade adjustment under section 773(a)(7)(A) of the Act. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

Where the respondent reported no home-market levels of trade that were equivalent to the CEP level of trade and where the CEP level of trade was at a less advanced stage than any of the home-market levels of trade, we were unable to determine a level-of-trade adjustment based on the respondent's home-market sales of merchandise under review. Furthermore, we have no other information that provides an appropriate basis for determining a level-of-trade adjustment. For respondents' CEP sales, to the extent possible, we determined normal value at the same level of trade as the U.S. sale to the unaffiliated customer and made a CEP-offset adjustment in accordance with section 773(a)(7)(B) of the Act.

For a company-specific description of our level-of-trade analyses for these preliminary results, see Memorandum to Laurie Parkhill from Antifriction Bearings Team Regarding Level of Trade, dated May 6, 2005, on file in the CRU, Room B-099.

Collapsing Decision

During the administrative review of the antidumping duty order on antifriction bearings and parts thereof from Germany for the period from May

1, 2002, through April 30, 2003, the Department determined that it was appropriate to collapse FAG and INA as affiliated producers for the purposes of calculating an antidumping duty margin. See *AFBs 14 Prelim*, 69 FR at 5956. As a result of our analysis of the responses of INA and FAG to our supplemental questionnaires, we have found that the totality of factual information indicate that it is appropriate to continue to collapse FAG and INA as affiliated producers for the purpose of calculating an antidumping duty margin.

Preliminary Results of Reviews

As a result of our reviews, we preliminarily determine the following percentage weighted-average dumping margins on ball bearings and parts thereof for the period May 1, 2003, through April 30, 2004:

FRANCE

Company	Margin (percent)
SKF France	7.04
SNR	13.27

GERMANY

Company	Margin
FAG/INA	3.79
GRW	61.96
SKF Germany	17.50

ITALY

Company	Margin
FAG Italy	5.83
SKF Italy	2.81

JAPAN

Company	Margin
Asahi	25.71
Koyo	15.66
NSK	11.88
NTN	6.75
Nankai Seiko (SMT)	2.38
NPB	18.17
Osaka Pump	11.73
Sapporo	12.47
Takeshita	7.38

SINGAPORE

Company	Margin
NMB/Pelmec	3.67

UNITED KINGDOM

Company	Margin
Barden/FAG	2.68
SKF UK	61.14

Comments

We will disclose the calculations used in our analysis to parties to these reviews within five days of the date of publication of this notice. Any interested party may request a hearing within 30 days of the date of publication of this notice. A general-issues hearing, if requested, and any hearings regarding issues related solely to specific countries, if requested, will be held at the main Commerce Department building at a time and location to be determined.

Interested parties who wish to request a hearing or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, Room B-099, within 30 days of the date of publication of this notice. Requests should contain the following: (1) the party's name, address, and telephone number; (2) the number of participants; (3) a list of issues to be discussed. See 19 CFR 351.310(c).

Issues raised in the hearing will be limited to those raised in case briefs and rebuttal briefs. The Department will notify all parties in each country-specific review as to the applicable briefing schedule. Parties who submit case briefs or rebuttal briefs in this proceeding are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument. Parties are also encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited.

The Department will issue the final results of these administrative reviews, including the results of its analysis of issues raised in any such written briefs or at the hearings, if held, not later than 120 days after the date of publication of this notice.

Assessment Rates

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we have calculated, whenever possible, an exporter/importer (or customer)-specific assessment rate or value for merchandise subject to these reviews.

The Department clarified its "automatic assessment" regulation on May 6, 2003 (68 FR 23954). This clarification will apply to entries of subject merchandise during the period

of review produced by companies included in these preliminary results of reviews for which the reviewed companies did not know their merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. For a full discussion of this clarification, see Notice of Policy Concerning Assessment of Antidumping Duties, 68 FR 23954 (May 6, 2003).

Export-Price Sales

With respect to EP sales, for these preliminary results, we divided the total dumping margins (calculated as the difference between normal value and EP) for each exporter's importer or customer by the total number of units the exporter sold to that importer or customer. We will direct CBP to assess the resulting per-unit dollar amount against each unit of merchandise in each of that importer's/customer's entries under the relevant order during the review period.

Constructed Export-Price Sales

For CEP sales (sampled and non-sampled), we divided the total dumping margins for the reviewed sales by the total entered value of those reviewed sales for each importer. We will direct the CBP to assess the resulting percentage margin against the entered customs values for the subject merchandise on each of that importer's entries under the relevant order during the review period. See 19 CFR 351.212(b).

Cash-Deposit Requirements

In order to derive a single weighted-average margin for each respondent, we weight-averaged the EP and CEP weighted-average deposit rates (using the EP and CEP, respectively, as the weighting factors). To accomplish this when we sampled CEP sales, we first calculated the total dumping margins for all CEP sales during the review period by multiplying the sample CEP margins by the ratio of total days in the review period to days in the sample weeks. We then calculated a total net value for all CEP sales during the review period by multiplying the sample CEP total net value by the same ratio. Finally, we divided the combined total dumping margins for both EP and CEP sales by the combined total value for both EP and CEP sales to obtain the deposit rate.

Furthermore, the following deposit requirements will be effective upon publication of the notice of final results

of administrative reviews for all shipments of ball bearings and parts thereof entered, or withdrawn from warehouse, for consumption on or after the date of publication, as provided by section 751(a)(1) of the Act: (1) the cash-deposit rates for the reviewed companies will be the rates established in the final results of reviews; (2) for previously reviewed or investigated companies not listed above, the cash-deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the less-than-fair-value investigation but the manufacturer is, the cash-deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) the cash-deposit rate for all other manufacturers or exporters will continue to be the "All Others" rate for the relevant order made effective by the final results of review published on July 26, 1993. See *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al; Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Duty Order*, 58 FR 39729, 39730 (July 26, 1993). For ball bearings from Italy, see *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al; Final Results of Antidumping Duty Administrative Reviews, Partial Termination of Administrative Reviews, and Revocation in Part of Antidumping Duty Orders*, 61 FR 66472, 66521 (December 17, 1996). These rates are the "All Others" rates from the relevant less-than-fair-value investigations. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative reviews.

Notification to Importer

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of doubled antidumping duties.

These preliminary results of administrative reviews are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 6, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 05-9623 Filed 5-12-05; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

(A-570-846)

Brake Rotors From the People's Republic of China: Preliminary Results of Changed Circumstances Antidumping Duty Administrative Review

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

SUMMARY: The Department of Commerce ("the Department") is currently conducting a changed circumstances administrative review of the antidumping duty order on brake rotors from the People's Republic of China ("PRC"). We have preliminarily determined that Shanxi Fengkun Foundry Ltd., Co. ("Fengkun Foundry") is not the successor-in-interest to Shanxi Fengkun Metallurgical Ltd., Co. ("Fengkun Metallurgical") for purposes of determining antidumping liability.

Interested parties are invited to comment on these preliminary results. In accordance with 19 CFR 351.216(e), the Department will issue the final results of this antidumping duty changed circumstances review not later than July 11, 2005 (i.e., 270 days after the date on which this review was initiated).

EFFECTIVE DATE: May 13, 2005.

FOR FURTHER INFORMATION CONTACT: Steve Winkates or Brian Smith, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1904 or (202) 482-1766, respectively.

SUPPLEMENTARY INFORMATION:

Background

On October 19, 2004, the Department initiated a changed circumstances review of Fengkun Foundry's claim that it is the successor-of-interest to Fengkun Metallurgical. *See Brake Rotors from the People's Republic of China: Notice of Initiation of Changed Circumstances Review*, 69 FR 61468 (October 19, 2004) ("Initiation Notice"). Since the publication of the Initiation

Notice, the following events have occurred.

On November 3, 2004, the petitioner submitted comments on Fengkun Foundry's response to the Department's separate rates questionnaire. On December 22, 2004, the petitioner submitted a request that the Department verify Fengkun Foundry in the context of the changed circumstances review.¹

On January 6, 2005, the Department issued a Supplemental Questionnaire to Fengkun Foundry. On January 31, 2005, Fengkun Foundry submitted its response to the Department's Supplemental Questionnaire. On February 15, 2005, the petitioner submitted comments on Fengkun Foundry's response to the Department's Supplemental Questionnaire. On March 16, 2005, the Department issued Fengkun Foundry a second Supplemental Questionnaire. On March 30, 2005, Fengkun Foundry submitted its response to the Department's second Supplemental Questionnaire.

Scope of the Order

The products covered by the order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans, recreational vehicles under "one ton and a half," and light trucks designated as "one ton and a half."

Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those rotors which have undergone some drilling and on which the surface is not entirely smooth. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles and do not contain in the casting a logo of an original equipment manufacturer ("OEM") which produces vehicles sold in the United States (e.g., General Motors, Ford, Chrysler, Honda, Toyota, and Volvo). Brake rotors covered in this review are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron which contain a steel plate but otherwise meet the above

criteria. Excluded from the scope of the review are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).

Brake rotors are classifiable under subheading 8708.39.5010 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

Preliminary Results

In its January 31, 2005, supplemental questionnaire response, Fengkun Metallurgical provided documentation to support further its claim that effective November 28, 2003, it received approval from the Shanxi Industrial and Commercial Administration Bureau ("SICAB") to change its name to "Shanxi Fengkun Foundry Ltd., Co." The company stated that the idea to change the name came as a result of decisions made by Fengkun Metallurgical's original owners to reflect a change in the company's emphasis from metallurgical operations to foundry operations. Specifically, this documentation consisted of: (1) board meeting minutes detailing the company's reasoning for the name change; (2) the application to SICAB requesting approval for the name change; (3) a notice from SICAB granting Fengkun Metallurgical's proposed name change to Fengkun Foundry; and (4) Fengkun Foundry's business license issued by SICAB (see Exhibits 1 and 2 of the supplemental questionnaire response). Both the notice from SICAB granting the name change and Fengkun Foundry's business license indicate that Fengkun Metallurgical no longer exists as a legal entity in the PRC.

In its responses to the Department's supplemental questionnaires, Fengkun Metallurgical also provided information in support of its statements that all personnel, operations, and facilities remain essentially unchanged as a result of changing the name of the company to Fengkun Foundry.

In contrast, the petitioner contended in its February 15, 2005, submission that Fengkun Foundry has not sufficiently demonstrated that it is the successor-in-interest of Fengkun Metallurgical because Fengkun Metallurgical, unlike Fengkun Foundry,

¹ The petitioner also requested that the Department verify the company in the context of the Seventh Administrative/Eleventh New Shipper Review, of which Fengkun Foundry's predecessor, Fengkun Metallurgical, is a respondent.