

Dated: May 23, 2005.

Lawrence T. Yamamoto,

*State Conservationist for Hawaii & Director
for the Pacific Basin Area.*

[FR Doc. 05-11268 Filed 6-6-05; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Natural Resources Conservation Service

South Kona Watershed, Hawaii County, Hawaii

AGENCY: Natural Resources Conservation Service.

ACTION: Notice of intent to prepare an environmental impact statement.

SUMMARY: Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; the Council on Environmental Quality Guidelines (40 CFR part 1500); and the Natural Resources Conservation Service Guidelines (7 CFR part 650); the Natural Resources Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is being prepared for the South Kona Watershed, Hawaii County, Hawaii.

FOR FURTHER INFORMATION CONTACT:

Lawrence T. Yamamoto, State Conservationist, Natural Resources Conservation Service, 300 Ala Moana Blvd., Rm. 4-118, PO Box 50004, Honolulu, Hawaii 96850-0050, Telephone: (808) 541-2600 ext. 105.

SUPPLEMENTARY INFORMATION: The preliminary feasibility study of this federally assisted action indicates that the project may cause significant local, regional and national impacts on the environment. As a result of these findings, Lawrence T. Yamamoto, State Conservationist, has determined that the preparation and review of an environmental impact statement is needed for this project.

The project concerns alleviating agriculture water shortages and providing a stable, adequate, and affordable supply of agricultural water to farmers and other agricultural producers in the South Kona District of the Island of Hawai'i. Alternatives under consideration to reach these objectives include a full build-out alternative involving the installation of twelve wells on private and public lands that would provide the agricultural area of South Kona with 12 million gallons of supplemental irrigation water per day; a three-well alternative that would supply 3 million gallons a day to address near-term irrigation needs in the project area; a

two well alternative that would supply 2 million gallons of supplemental irrigation water a day for near-term irrigation needs; and the no action alternative, which will consider no change to the current irrigation water sources for the watershed.

A draft environmental impact statement will be prepared and circulated for review by agencies and the public. The Natural Resources Conservation Service invites participation and consultation of agencies and individuals that have special expertise, legal jurisdiction, or interest in the preparation of the draft environmental impact statement. Meetings will be held at Yano Hall, County of Hawaii Department of Parks and Recreation, 82-6156 Mamalahoa Highway, Captain Cook, County of Hawaii on Tuesday, June 21, 2005 from 1-3 p.m. and at MacFarms of Hawaii, Picker Shed 89-406 Mamalahoa Hwy. at the 84 mile mark, from 6-8 p.m. to determine the scope of the evaluation of the proposed action. Further information on the proposed action or the scoping meeting may be obtained from Lawrence T. Yamamoto, State Conservationist, at the above address or telephone number.

(This activity is listed in the Catalog of Federal Domestic Assistance under No. 10.904—Watershed Protection and Flood Prevention—and is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials.)

Dated: May 23, 2005.

Lawrence T. Yamamoto,

*State Conservationist for Hawaii & Director
for the Pacific Basin Area.*

[FR Doc. 05-11281 Filed 6-6-05; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-838]

Notice of Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission: Certain Softwood Lumber Products From Canada

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

EFFECTIVE DATE: June 7, 2005.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on Certain Softwood Lumber Products from Canada for the period May 1, 2003, to April 30,

2004 (the POR). We preliminarily determine that sales of subject merchandise made by Abitibi-Consolidated Inc. (Abitibi), Buchanan Lumber Sales Inc. (Buchanan), Canfor Corporation (Canfor), Tembec Inc. (Tembec), Tolko Industries Ltd. (Tolko), Weldwood of Canada Limited (Weldwood), West Fraser Mills Ltd. (West Fraser), and Weyerhaeuser Company (Weyerhaeuser), have been made below normal value. In addition, based on the preliminary results for these respondents selected for individual review, we have preliminarily determined a weighted-average margin for those companies that requested, but were not selected for, individual review. If these preliminary results are adopted in our final results, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on appropriate entries based on the difference between the export price and constructed export price, and the normal value. Furthermore, requests for review of the antidumping order for the following thirteen companies were withdrawn: Age Cedar Products, Anderson Wholesale, Inc., Bay Forest Products Ltd., Coast Forest & Lumber Assoc., Coast Lumber, Inc., Duluth Timber Company, Les Produits Forestiers Latierre, North Pacific, Usine Sartigan Inc., Council of Forest Industries, Specialites G.D.S. Inc., BC Veneer Products Ltd., and Edge Grain Forest Products. Because the withdrawal requests were timely and there were no other requests for review of the companies, we are rescinding the review for these companies. See 19 CFR 351.213(d)(i). Interested parties are invited to comment on these preliminary results and partial rescission.

FOR FURTHER INFORMATION CONTACT:

Daniel O'Brien or Constance Handley, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1376 or (202) 482-0631, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 3, 2004, the Department published a notice of opportunity to request an administrative review of this order. *See Notice of Opportunity to Request Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation*, 69 FR 24117, (May 3, 2004). On May 28, 2004, in accordance

with section 751(a) of the Tariff Act of 1930 (the Act) and 19 CFR 351.213(b), the Coalition for Fair Lumber Imports (the Coalition), a domestic interested party in this case, requested a review of producers/exporters of certain softwood lumber products. Also, between May 3, and June 2, 2004, Canadian producers requested a review on their own behalf or had a review of their company requested by a U.S. importer.

On June 30, 2004, the Department published a notice of initiation of administrative review of the antidumping duty order on certain softwood lumber products from Canada, covering the POR. *See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 69 FR 39409 (June 30, 2004).¹

The Department received requests for review from more than 400 companies. Accordingly, in July 2004, in advance of issuing antidumping questionnaires, the Department issued to all companies pursuing an administrative review, a letter requesting total quantity and value of subject merchandise exported to the United States during the POR. Companies were required to submit their responses to the Department by July 22, 2004. In addition, we received comments from interested parties on the respondent selection process, which included proposed methodologies.

Upon consideration of the information received with respect to respondent selection, on August 23, 2004, the Department selected as mandatory respondents the eight largest exporters/producers of subject merchandise during the POR: Abitibi, Buchanan, Canfor, Tembec, Tolko, Weldwood, West Fraser, and Weyerhaeuser. *See Memorandum from James Kemp, International Trade Compliance Analyst, to Jeffrey May, Deputy Assistant Secretary, regarding Selection of Respondents* (August 23, 2004) (*Selection of Respondents Memorandum*). *See also Selection of Respondents* section below.

On August 24, 2004, the Department issued sections A, B, C, D, and E of the antidumping duty questionnaire to the selected respondents. The respondents submitted their initial responses to the antidumping questionnaire from September through December of 2004. After analyzing these responses, we issued supplemental questionnaires to

the respondents to clarify or correct the initial questionnaire responses. We received timely responses to these questionnaires.

Partial Rescission

On July 22, 2004, Specialites G.D.S. Inc. withdrew its request for administrative review and on September 9, 2004, BC Veneer Products Ltd., and Edge Grain Forest Products withdrew their requests for administrative review of the antidumping duty order. On July 7, 2004, the Coalition, with respect to Age Cedar Products, Anderson Wholesale, Inc., Bay Forest Products Ltd., Coast Forest & Lumber Assoc., Coast Lumber, Inc., Duluth Timber Company, Les Produits Forestiers Latierre, North Pacific, Usine Sartigan Inc., and Council of Forest Industries, also withdrew its request for administrative reviews of the antidumping duty order. Because the requests were timely filed, *i.e.*, within 90 days of publication of the Initiation Notice, and because there were no other requests for review of the above-mentioned companies, we are rescinding the review with respect to these companies in accordance with 19 CFR 351.213(d)(1). The Coalition also withdrew its request with regard to Buchanan Distribution Inc., Les Produits Forestiers Temrex, and Usine St. Alphonse, Inc. Les Produits Forestiers Temrex Usine St. Alphonse, Inc. is, in fact, a single entity, although it appeared as two entities in the June 30, 2004, initiation notice pursuant to the Coalition's request. Buchanan Distribution Inc. and Les Produits Forestiers Temrex Usine St. Alphonse, Inc. are, respectively, affiliated and collapsed with Buchanan and Tembec, and, therefore they continue to be covered by the review.

Scope of the Order

The products covered by this order are softwood lumber, flooring and siding (softwood lumber products). Softwood lumber products include all products classified under headings 4407.1000, 4409.1010, 4409.1090, and 4409.1020, respectively, of the Harmonized Tariff Schedule of the United States (HTSUS), and any softwood lumber, flooring and siding described below. These softwood lumber products include:

- (1) coniferous wood, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding six millimeters;
- (2) coniferous wood siding (including strips and friezes for parquet flooring, not assembled)

continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed;—2

- (3) other coniferous wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces (other than wood moldings and wood dowel rods) whether or not planed, sanded or finger-jointed; and (4) coniferous wood flooring (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed.

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.

Softwood lumber products excluded from the scope:

- trusses and truss kits, properly classified under HTSUS 4418.90
- I-joist beams
- assembled box spring frames
- pallets and pallet kits, properly classified under HTSUS 4415.20
- edge-glued wood, properly classified under HTSUS 4421.90.97.40 (formerly HTSUS 4421.90.98.40).
- properly classified complete door frames.
- properly classified complete window frames
- properly classified furniture

Softwood lumber products excluded from the scope only if they meet certain requirements:

- *Stringers* (pallet components used for runners): if they have at least two notches on the side, positioned at equal distance from the center, to properly accommodate forklift blades, properly classified under HTSUS 4421.90.97.40 (formerly HTSUS 4421.90.98.40).
- *Box-spring frame kits*: if they contain the following wooden pieces—two side rails, two end (or top) rails and varying numbers of slats. The side rails and the end rails should be radius-cut at both ends. The kits should be individually packaged, they should contain the exact number of wooden components needed to

¹ This notice was further amended. *See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 69 FR 45010 (July 28, 2004); *see also Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 69 FR 52857 (August 30, 2004).

make a particular box-spring frame, with no further processing required. None of the components exceeds 1" in actual thickness or 83" in length.

- *Radius-cut box-spring-frame components*, not exceeding 1" in actual thickness or 83" in length, ready for assembly without further processing. The radius cuts must be present on both ends of the boards and must be substantial cuts so as to completely round one corner.
- *Fence pickets* requiring no further processing and properly classified under HTSUS 4421.90.70, 1" or less in actual thickness, up to 8" wide, 6' or less in length, and have finials or decorative cuttings that clearly identify them as fence pickets. In the case of dog-eared fence pickets, the corners of the boards should be cut off so as to remove pieces of wood in the shape of isosceles right angle triangles with sides measuring 3/4 inch or more.
- *U.S. origin lumber* shipped to Canada for minor processing and imported into the United States, is excluded from the scope of this order if the following conditions are met: 1) the processing occurring in Canada is limited to kiln-drying, planing to create smooth-to-size board, and sanding; and 2) if the importer establishes to CBP's satisfaction that the lumber is of U.S. origin.

• *Softwood lumber products contained in single family home packages or kits*,² regardless of tariff classification, are excluded from the scope of the orders if the following criteria are met:

- (A) The imported home package or kit constitutes a full package of the number of wooden pieces specified in the plan, design or blueprint necessary to produce a home of at least 700 square feet produced to a specified plan, design or blueprint;
- (B) The package or kit must contain all necessary internal and external doors and windows, nails, screws, glue, subfloor, sheathing, beams, posts, connectors and if included in purchase contract decking, trim, drywall and roof shingles specified in the plan, design or blueprint;
- (C) Prior to importation, the package or kit must be sold to a retailer of complete home packages or kits pursuant to a valid purchase contract referencing the particular home design plan or blueprint, and

signed by a customer not affiliated with the importer;

- (D) The whole package must be imported under a single consolidated entry when permitted by CBP, whether or not on a single or multiple trucks, rail cars or other vehicles, which shall be on the same day except when the home is over 2,000 square feet;
- (E) The following documentation must be included with the entry documents:
 - a copy of the appropriate home design, plan, or blueprint matching the entry;
 - a purchase contract from a retailer of home kits or packages signed by a customer not affiliated with the importer;
 - a listing of inventory of all parts of the package or kit being entered that conforms to the home design package being entered;
 - in the case of multiple shipments on the same contract, all items listed immediately above which are included in the present shipment shall be identified as well.

We have determined that the excluded products listed above are outside the scope of this order provided the specified conditions are met. Lumber products that CBP may classify as stringers, radius cut box-spring-frame components, and fence pickets, not conforming to the above requirements, as well as truss components, pallet components, and door and window frame parts, are covered under the scope of this order and may be classified under HTSUS subheadings 4418.90.40.90, 4421.90.70.40, and 4421.90.98.40. Due to changes in the 2002 HTSUS whereby subheading 4418.90.40.90 and 4421.90.98.40 were changed to 4418.90.45.90 and 4421.90.97.40, respectively, we are adding these subheadings as well.

In addition, this scope language has been further clarified to now specify that all softwood lumber products entered from Canada claiming non-subject status based on U.S. country of origin will be treated as non-subject U.S.-origin merchandise under the countervailing duty order, provided that these softwood lumber products meet the following condition: upon entry, the importer, exporter, Canadian processor and/or original U.S. producer establish to CBP's satisfaction that the softwood lumber entered and documented as U.S.-origin softwood lumber was first produced in the United States as a lumber product satisfying the physical parameters of the softwood lumber

scope.³ The presumption of non-subject status can, however, be rebutted by evidence demonstrating that the merchandise was substantially transformed in Canada.

Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department the discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known exporters/producers of subject merchandise, this provision permits the Department to review either: (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 of the subject merchandise that can reasonably be examined.

Responses to the Department's information request were received July 13 through July 27, 2004. After consideration of the data submitted, and the complexities unique to this proceeding, as well as the resources available to the Department, we determined that it was not practicable in this review to examine all known exporters/producers of subject merchandise. We found that given our resources, we would be able to review the eight exporters/producers with the greatest export volume, as identified above. For a more detailed discussion of respondent selection in this review, *See Selection of Respondents Memorandum*. We received a written request from one company⁴ to be included as a voluntary respondent in this review.

Collapsing Determinations

The Department's regulations provide for the treatment of affiliated producers as a single entity where: (1) those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and (2) the

³ See the scope clarification message (3034202), dated February 3, 2003, to CBP, regarding treatment of U.S.-origin lumber on file in the Central Records Unit, Room B-099 of the main Commerce Building.

⁴ In this proceeding, we received a written request from Riverside Forest Products (June 24, 2004) to be a voluntary respondent. As all the mandatory respondents participated, we were unable to accommodate this request.

² To ensure administrability, we clarified the language of this exclusion to require an importer certification and to permit single or multiple entries on multiple days. We also instructed importers to retain and make available for inspection specific documentation in support of each entry.

Department concludes that there is a significant potential for the manipulation of price or production.⁵ In identifying a significant potential for the manipulation of price or production, the Department may consider such factors as: (i) the level of common ownership; (ii) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (iii) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.⁶ These factors are illustrative, and not exhaustive.

Canfor and Slocan merged operations on April 1, 2004. On December 20, 2004, the Department determined that the post-merger Canfor is the successor-in-interest to both the pre-merger Canfor and Slocan. See *Notice of Final Results of Antidumping Duty Administrative Review and Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products from Canada*, 67 FR 75921 (December 20, 2004). For the purposes of these preliminary results, we have calculated three separate margins: one each for Canfor and Slocan individually for the eleven months of the POR prior to April 1, 2004, and a third margin for the post-merger Canfor for April 2004. The resulting cash deposit rate is a weighted average of the three calculated margins. In addition, Canfor purchased Daaquam Lumber Inc. (Daaquam) on May 27, 2003. Daaquam functions as an independent subsidiary within Canfor Corporation. Canfor reported all sales of lumber produced by the former Daaquam facilities during the POR. For purposes of this review, we considered only those sales made after the date of purchase. Finally, Canfor reported the sales of its affiliates Lakeland Mills Ltd. and The Pas Lumber Company Ltd.⁷

In addition, respondents reported, in their questionnaire responses, the sales of certain affiliated companies. Abitibi reported the sales of subject merchandise produced by its affiliates Produits Forestiers Petit Paris, Inc.,

Produits Forestiers La Tuque, Inc., and Societe en Commandite Scierie Opticiwan. Buchanan reported the sales of its affiliates Atikokan Forest Products Ltd., Long Lake Forest Products Inc., Nakina Forest Products Limited, Buchanan Distribution Inc., Buchanan Forest Products Ltd., Great West Timber Ltd., Dubreuil Forest Products Ltd., Northern Sawmills Inc., and McKenzie Forest Products Inc. Buchanan was excused from reporting the sales of the subject merchandise produced by its affiliate, Solid Wood Products Inc. Tembec reported the sales of Les Industries Davidson, Inc.⁸ as well as Tembec affiliates Marks Lumber Ltd., Temrex Limited Partnership, and 791615 Ontario Limited (Excel Forest Products). Tolko was excused from reporting the sales of Gilbert Smith Forest Products, Ltd., although (Gilbert Smith) continues to be collapsed with Tolko.⁹ Weldwood reported the sales of its affiliated reseller Weldwood Sales Incorporated (WSI) in its questionnaire response. In addition, Weldwood reported sales from joint venture mills that it operates. These operations are Babine Forest Products Company, Decker Lake Forest Products Limited, and Houston Forest Products Company. Weldwood also reported sales of subject merchandise from Sunpine Forest Products Limited, a subsidiary of Sunpine Incorporated, which is a subsidiary of Weldwood. West Fraser reported the sales of its affiliates West Fraser Forest Products Inc. (WFFP) and Seehta Forest Products Ltd. Weyerhaeuser reported the sales of its affiliate Weyerhaeuser Saskatchewan Ltd. Upon review of the questionnaire responses, we determined that the affiliates discussed above were properly collapsed with the respective respondent companies for the purposes of this review.

The Department excused individual respondents from reporting the sales of specific merchandise or sales by certain affiliates during this review. These specific reporting exemptions were granted to the companies because the sales were determined to be a relatively

small percentage of total U.S. sales, burdensome to the company to report and for the Department to review, and would not materially affect the results of this review.¹⁰

Treatment of Sales Made on a Random-Lengths Basis

All of the respondents made a portion of their sales during the POR on a random-length¹¹ (also referred to as a mixed-tally) basis. Information on the record indicates that the respondents negotiate a single per-unit price for the whole tally with the customer, but that they take the composition of lengths in the tally into account when quoting this price. The price on the invoice is the blended (i.e., average) price for the tally. Therefore, the line-item price on the invoice to the customer does not reflect the value of the particular product, but rather the average value of the combination of products.

Sections 772(a) and (b) and 773(a)(1)(B)(i) of the Act direct the Department to use the price at which the product was sold in determining export price (EP), constructed export price (CEP), and normal value (NV). In this case, the price at which the products were sold is the total amount on the invoice. The respondents' choice to divide that price evenly over all products on the invoice represents an arbitrary allocation which is not reflective of the underlying value of the individual products within the tally. However, with the exception of Weldwood and West Fraser, the respondents do not keep track of any underlying single-length prices in such a way that they can "deconstruct" or reallocate the prices on the invoice to more properly reflect the relative differences in the market value of each unique product that were taken into account in determining the total invoice price.

¹⁰ See Memorandum from James Kemp, David Neubacher, and Ashleigh Batton to Susan Kuhnach, regarding Individual Reporting Exemption Requests of Certain Respondent Companies (October 7, 2004); see also Memorandum from James Kemp, David Neubacher, and Ashleigh Batton to Susan Kuhnach, regarding Individual Reporting Exemption Requests of Buchanan Lumber Sales Ltd., West Fraser Mills Ltd., and Weyerhaeuser Company (October 19, 2004); see also Memorandum from Ashleigh Batton and Shane Subler to Susan Kuhnach regarding Buchanan Lumber Sales Ltd. and Weldwood of Canada Limited Individual Reporting Exemption Requests (November 1, 2004); see also Memorandum from Ashleigh Batton to Susan Kuhnach regarding Individual Reporting Exemption Request for Buchanan Lumber Sales Ltd. (December 13, 2004).

¹¹ For the purposes of this review, we are defining a random-length sale as any sale which contains multiple lengths, for which a blended (i.e., average) price has been reported.

⁵ See 19 CFR 351.401(f)(1).

⁶ See 19 CFR 351.401(f)(2).

⁷ Canfor continues to be collapsed with its affiliate Skeena Cellulose. However, Canfor was excused from reporting sales of its affiliates because of their low volume. We note that in the last review Canfor was collapsed with its affiliates Howe Sound Pulp and Paper Limited Partnership (Howe Sound). In the current review, Canfor reported that Howe Sound had sold all of its lumber-producing equipment. Therefore, we have removed Howe Sound from the Canfor Group.

⁸ Tembec purchased the shares of Davidson on November 5, 2001, and as of December 27, 2003, Davidson became a division of Tembec. The Davidson Division's financial results have been fully consolidated in Tembec's financial statements for the entirety of the POR. Therefore, we are no longer listing Davidson separately as part of the Tembec Group.

⁹ We note that in the first administrative review, Tolko's affiliate Compwood Products Ltd. (Compwood) was listed as part of the Tolko Group. Tolko has not been collapsed with Compwood, a laminated beam producer. Rather Tolko has reported sales to Compwood as sales to an affiliated party.

For all companies except Weldwood and West Fraser, for purposes of these preliminary results, we reallocated the total invoice price of sales made on a random-lengths basis, where possible, using the average relative values of company-specific, market-specific single-length sales made within a two-week period (*i.e.*, one week on either side) of the tally whose price is being reallocated. If no such sales were found, we looked in a four-week period (*i.e.*, two weeks on either side of the sale). We note that a single-length-sale match must be available for each line item in the tally in order to perform a reallocation based on relative price. If there were not single-length sales for all items in the tally within a four-week period, we continued to use the reported price as neutral facts available, pursuant to section 776(a)(1) of the Act. For Weldwood and West Fraser, we used the reported length-specific prices. This methodology was fully described in detail during the last administrative review. *See Notice of Final Results of Antidumping Duty Administrative Review and Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products from Canada*, 69 FR 75921 (December 20, 2004) and accompanying Issues and Decision Memorandum at comment 5.

Fair Value Comparisons

We compared the EP or the CEP, as applicable, to the NV, as described in the *Export Price and Constructed Export Price* and *Normal Value* sections of this notice. We first attempted to compare contemporaneous sales in the U.S. and comparison markets of products that were identical with respect to the following characteristics: product type, species, grade group, grade, dryness, thickness, width, length, surface, trim and processing type. Where we were unable to compare sales of identical merchandise, we compared products sold in the United States with the most similar merchandise sold in the comparison markets based on the characteristics of grade, dryness, thickness, width, length, surface, trim and processing type,¹² in this order of

priority. Consistent with prior segments of this proceeding, we did not match across product type, species or grade group. Where there were no appropriate comparison-market sales of comparable merchandise, we compared the merchandise sold in the United States to constructed value (CV), in accordance with section 773(a)(4) of the Act. We generally relied on the date of invoice as the date of sale. Consistent with the Department's practice, where the invoice was issued after the date of shipment, we relied on the date of shipment as the date of sale.

Export Price and Constructed Export Price

In accordance with section 772 of the Act, we calculated either an EP or a CEP, depending on the nature of each sale. Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold before the date of importation by the exporter or producer outside the United States to an unaffiliated purchaser in the United States, or to an unaffiliated purchaser for exportation to the United States.

Section 772(b) of the Act defines CEP as the price at which the subject merchandise is first sold in the United States before or after the date of importation, by or for the account of the producer or exporter of the merchandise, or by a seller affiliated with the producer or exporter, to an unaffiliated purchaser, as adjusted under sections 772(c) and (d) of the Act.

For all respondents, we calculated EP and CEP, as appropriate, based on prices charged to the first unaffiliated customer in the United States. We found that all of the respondents made a number of EP sales during the POR. These sales are properly classified as EP sales because they were made outside the United States by the exporter or producer to unaffiliated customers in the United States prior to the date of importation.

We also found that each respondent made CEP sales during the POR. Some of these sales involved softwood lumber sold from U.S. reload or through vendor-managed inventory (VMI) locations. Because such sales were made by the respondent after the date of importation, the sales are properly classified as CEP sales. In addition, Weldwood, West Fraser, and Weyerhaeuser made sales to the United States through U.S. affiliates.

that published prices also exist for seven-foot six-inch studs, which continue to be grouped with other studs of similar length. Therefore, for purposes of the current review we have continued to use the length categories established in the underlying investigation.

We made company-specific adjustments as follows:

(A) Abitibi

Abitibi made both EP and CEP transactions. We calculated an EP for sales where the merchandise was sold directly by Abitibi to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of the record. We calculated a CEP for sales made by Abitibi to the U.S. customer through VMI or reload centers after importation into the United States. EP and CEP were based on the packed, delivered, ex-mill, and free-on-board (FOB) reload center prices, as applicable.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred in transporting merchandise to reload and VMI centers, as well as freight to the U.S. customer, warehousing, brokerage and handling, and inland insurance. We also deducted any billing adjustments, discounts, and rebates.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (*e.g.*, credit expenses) and imputed inventory carrying costs. Abitibi did not report any other indirect selling expenses incurred in the United States. In accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. *See Memorandum from Saliha Loucif to the File, regarding Abitibi's Analysis for the Preliminary Results* (May 31, 2005) (*Abitibi's Preliminary Calculation Memorandum*).

(B) Buchanan

Buchanan made both EP and CEP transactions during the POR. We calculated an EP for sales where the merchandise was sold directly by Buchanan to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts on the record. We calculated a CEP for sales made by Buchanan to the U.S. customer through reload centers after importation into the United States. EP and CEP were based on the packed, delivered, ex-mill, FOB mill, and FOB reload center prices, as applicable.

We made deductions from starting prices for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred in transporting merchandise to reload centers, freight to the U.S. customer,

¹² We note that Tembec requested that the Department revise the model match criteria to include a new length category for nine-foot lumber. While Tembec submitted some information on stud prices, it did not address all categories of nine-foot lumber for which it was requesting a change. Further, none of the other interested parties requested that nine-foot lumber be treated differently than that size of lumber had been treated in the investigation or first review, nor did they break out sales of nine-foot lumber. While Tembec argued that its sales of nine-foot lumber were unique and deserved distinctive treatment, we note

warehousing, brokerage, and a movement variance. We also deducted any discounts from the starting price, and added any billing adjustments and other miscellaneous charges/credits.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses, (e.g., credit expenses) and imputed inventory carrying costs. In accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. *See Memorandum from Ashleigh Batton to the File, regarding Buchanan's Analysis for the Preliminary Results* (May 31, 2005) (*Buchanan's Preliminary Calculation Memorandum*).

(C) *Canfor*

Canfor made both EP and CEP transactions. We calculated an EP for sales where the merchandise was sold directly by Canfor to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of the record. We calculated a CEP for sales made by Canfor to the U.S. customer through VMI or reload centers after importation into the United States. EP and CEP were based on the packed, delivered, ex-mill, FOB mill, and FOB reload center prices, as applicable.

From its sales locations in the United States and Canada, Canfor made sales of Canfor-produced merchandise that had been commingled with lumber from other producers. Canfor provided a weighting factor to determine the quantity of Canfor-produced Canadian merchandise for all sales. We are using the weighting factors to estimate the volume of Canfor-produced merchandise included in each sale.

In some cases, the other producers knew or had reason to know that the merchandise purchased by Canfor was destined for the United States. For example, Canfor occasionally purchased merchandise from another producer and had the producer arrange freight from the producer's mill in Canada to the customer in the United States. We did not include such sales in our margin calculations. In other situations, Canfor purchased merchandise and the producer shipped it to U.S. reload centers, VMI locations, or to Canfor USA where it was commingled with lumber produced by Canfor. While the producer had knowledge that these sales were destined for the United States, Canfor was unable to link the purchases of lumber with a specific sale to the unaffiliated customer. Therefore, Canfor

developed the weighting factor to determine, based on inventory location and control-number and the percentage of lumber at the specific inventory location and control-number, the percentage of lumber at the inventory location that was produced by Canfor. We are multiplying the weighting factor by the quantity of lumber in each sale to estimate the volume of Canfor-produced merchandise in each sale in the United States and home market, and to eliminate the estimated non-Canfor produced merchandise.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred in transporting merchandise to reload centers or VMI locations, as well as freight to the U.S. customer, warehousing, brokerage and handling, and miscellaneous movement charges. We also deducted any discounts and rebates from the starting price.

In addition to these adjustments, for CEP sales, in accordance with section 772(d)(1) of the Act, we adjusted the starting price by the amount of direct selling expenses and revenues (e.g., credit expenses and interest revenue). We further reduced the starting price by the amount of indirect selling expenses incurred in the United States. Additionally, in accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. Canfor reported a limited number of sales of purchased lumber for which the producer did not have knowledge that the lumber was destined for the United States. Because the lumber was very small in quantity and separately identifiable, we removed it from our calculation. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See Memorandum from Daniel O'Brien and David Neubacher to the File, regarding Canfor's Analysis for the Preliminary Results* (May 31, 2005) (*Canfor's Preliminary Calculation Memorandum*).

(D) *Tembec*

Tembec made both EP and CEP transactions during the POR. We calculated an EP for sales where the merchandise was sold directly by Tembec to the first unaffiliated purchaser in the United States prior to importation. We calculated a CEP for sales made by Tembec to the U.S. customer through U.S. reload facilities or through VMI facilities. EP and CEP were based on the packed, delivered, FOB mill, FOB reload/VMI center and FOB destination prices, as applicable.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred in transporting merchandise to Canadian reload centers and Canadian warehousing expenses, as well as freight to the U.S. customer or reload facility, U.S. warehousing expenses, and U.S. brokerage. We also deducted from the starting price any discounts and rebates.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (e.g., credit expenses) and indirect selling expenses. Finally, in accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. *See Memorandum from Saliha Loucif to the File, regarding Tembec's Analysis for the Preliminary Results* (May 31, 2005) (*Tembec's Preliminary Calculation Memorandum*).

(E) *Tolko*

Tolko made both EP and CEP transactions. We calculated EP for sales where the merchandise was sold directly by Tolko to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of the record. We calculated CEP for sales made by Tolko to the U.S. customer through VMI or reload centers after importation into the United States. EP and CEP were based on the packed, delivered, ex-mill, FOB mill, and FOB reload center prices, as applicable.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred in transporting merchandise to reload centers or VMI locations, as well as freight to the U.S. customer, warehousing, brokerage and handling, and miscellaneous movement charges. We also deducted any discounts and rebates from the starting price.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (e.g., credit expenses, warranty expenses) and imputed inventory carrying costs. Finally, in accordance with section 772(d)(3) of the Act, we deducted an amount for profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. *See Memorandum from Daniel Alexy to the File, regarding Tolko's Analysis for the*

Preliminary Results (May 31, 2005)
(Tolko's Preliminary Calculation Memorandum).

(D) *Weldwood*

Weldwood made both EP and CEP transactions. We calculated an EP for sales in which the merchandise was sold directly by Weldwood to the first unaffiliated purchaser in the United States prior to importation, and in which CEP was not otherwise warranted based on the facts of the record. We calculated a CEP for sales made by WSI to the U.S. customer through reload centers after importation into the United States. EP and CEP were based on the ex-mill, carriage paid to reload (CPT reload), and delivered prices, as applicable.

In accordance with section 772(c)(2)(A) of the Act, we reduced the starting price to account for movement expenses. These included the net freight expenses incurred in transporting merchandise to reload centers, net freight to the U.S. customer, and U.S. brokerage. We also deducted early payment discounts, credit or debit adjustments, and other relevant price adjustments from the starting price.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (e.g., credit expenses) and imputed inventory carrying costs. In accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See Memorandum from Shane Subler to the File, regarding Weldwood's Analysis for the Preliminary Results* (May 31, 2005) (*Weldwood's Preliminary Results Calculation Memorandum*).

(E) *West Fraser*

West Fraser made both EP and CEP transactions. We calculated an EP for sales where the merchandise was sold directly by West Fraser to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of the record. We calculated a CEP for sales made by WFFP to the U.S. customer through VMI or reload centers after importation into the United States. EP and CEP were based on the packed, delivered, ex-mill, and FOB reload center prices, as applicable.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight incurred

in transporting merchandise to reload centers and to VMI customers, freight to the U.S. customer, warehousing, and U.S. and Canadian brokerage. We also deducted any discounts and rebates from the starting price.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses, (e.g., credit expenses) and imputed inventory carrying costs. Finally, in accordance with section 772(d)(3) of the Act, we deducted an amount of profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Act. *See Memorandum from David Neubacher to the File, regarding West Fraser's Analysis for the Preliminary Results* (May 31, 2005) (*West Fraser's Preliminary Calculation Memorandum*).

(F) *Weyerhaeuser*

Weyerhaeuser made both EP and CEP transactions. We calculated an EP for sales where the merchandise was sold directly by Weyerhaeuser to the first unaffiliated purchaser in the United States prior to importation, and CEP was not otherwise warranted based on the facts of the record. We calculated a CEP for sales made by Weyerhaeuser to the U.S. customer through reload centers, VMIs, and Weyerhaeuser's affiliated reseller Weyerhaeuser Building Materials (WBM) after importation into the United States. EP and CEP were based on the packed, delivered, or FOB prices.

From its sales locations in the United States and Canada, Weyerhaeuser made sales of merchandise which had been commingled with that of other producers. Weyerhaeuser provided a weighting factor to determine the quantity of Weyerhaeuser-produced Canadian merchandise for these sales. We are multiplying the weighting factor by the quantity of lumber in each U.S. and home market sale to estimate the volume of Weyerhaeuser-produced merchandise in each transaction and to eliminate the estimated non-Weyerhaeuser-produced merchandise from our margin calculation.

In some cases, the other producers knew or had reason to know that the merchandise purchased by Weyerhaeuser was destined for the United States. For example, Weyerhaeuser routinely purchased merchandise and arranged freight from the producer's mill in Canada to the customer in the United States. We did not include such sales in our margin calculations. In other situations, Weyerhaeuser purchased merchandise

and shipped it to U.S. warehouses where it was commingled with lumber produced by Weyerhaeuser. While the producer had knowledge that these sales were destined for the United States, Weyerhaeuser was unable to link the purchases with the specific sale to the unaffiliated customer. Therefore, Weyerhaeuser developed a second weighting factor to determine the quantity of the sale for which the third-party producer did not know, or have reason to know, that the merchandise was destined for the United States. We are multiplying the weighting factor by the quantity of lumber in each U.S. sale to estimate the volume of merchandise for which the producer did not have knowledge of destination in each transaction. We included this quantity in our margin calculation and excluded the estimated volume for which the producer did have knowledge of U.S. destination.

We made deductions from the starting price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These include freight to U.S. and Canadian warehouses or reload centers, warehousing expense in Canada and the United States, brokerage and handling, and freight to the final customer. We also deducted from the starting price any discounts, billing adjustments, and rebates.

In accordance with section 772(d)(1) of the Act, for CEP sales, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including indirect selling expenses and direct selling expenses (e.g., credit expenses). Additionally, in accordance with section 772(d)(3) of the Act, we deducted an amount for CEP profit. *See Memorandum from Constance Handley to the File, regarding Weyerhaeuser's Analysis for the Preliminary Results* (May 31, 2005) (*Weyerhaeuser's Preliminary Calculation Memorandum*).

Normal Value

A. *Selection of Comparison Markets*

Section 773(a)(1) of the Act directs that NV be based on the price at which the foreign like product is sold in the home market, provided that the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate) and that there is no particular market situation that prevents a proper comparison with the EP or CEP. The Act contemplates that quantities (or value) will normally be considered insufficient if they are less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States. We

found that all eight respondents had viable home markets for lumber.

To derive NV, we made the adjustments detailed in the Calculation of Normal Value Based on Home-Market Prices and Calculation of Normal Value Based on Constructed Value, sections below.

B. Cost of Production Analysis

Because the Department found in the most recently completed segment of the proceeding at the time the questionnaire was sent (*i.e.*, the investigation), that five¹³ of the respondents made sales in the home market at prices below the cost of producing the merchandise and excluded such sales from NV, the Department determined that there were reasonable grounds to believe or suspect that softwood lumber sales were made in Canada at prices below the cost of production (COP) in this administrative review for those five respondents. See section 773(b)(2)(A)(ii) of the Act. As a result, the Department initiated a COP inquiry for such respondents.

On December 21, 2004, the Coalition made an allegation of sales below the cost of production (COP) with respect to Weldwood. We found that the Coalition's allegation provided the Department with a reasonable basis to believe or suspect that sales in the home market have been made at prices below the COP by Weldwood. Accordingly, we initiated an investigation to determine whether Weldwood's home market sales of certain softwood lumber products were made at prices below the COP during the POR. See *Memorandum from Shane Subler to Susan Kuhbach, regarding Allegation of Sales Below Cost of Production for Weldwood* (January 26, 2005).

Furthermore, during the first administrative review, we determined to disregard sales made by Buchanan and Tolko that were below the cost of production. In accordance with section 773(b)(2)(A)(i) of the Act, the Department initiated a COP inquiry to determine whether Buchanan and Tolko made home-market sales at prices below their respective COPs during this POR.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for general and administrative (G&A)

expenses, selling expenses, packing expenses and interest expenses.

2. Cost Methodology

In our section D questionnaire, we solicited information from the respondents that allows for a value-based cost allocation methodology for wood and sawmill costs (*i.e.*, those costs presumed to be joint costs), including by-product revenue. We allowed for the value allocation to cover species, grade, and dimension (*i.e.*, thickness, width and length). For production costs that are separately identifiable to specific products (*e.g.*, drying or planing costs), we directed parties to allocate such costs only to the associated products using an appropriate allocation basis (*e.g.*, MBF). In allocating wood and sawmill costs (including by-product revenue) based on value, costs associated with a particular group of co-products were to be allocated only to those products (*i.e.*, wood costs of a particular species should only be allocated to that species).

Further, we directed the parties to use weighted-average world-wide prices in deriving the net realizable values (NRV) used for the allocation. We used world-wide prices to ensure that all products common to the joint production process, not just those sold in a particular market, are allocated their fair share of the total joint costs. Finally, we directed the parties to perform the value allocation on the mill/facility level, using the company-wide weighted-average world-wide NRV for the specific products produced at the mill, along with the mill-specific production quantities.

Consistent with our methodology in the first administrative review, we requested that the respondents break out the random-length sales separately from length-specific sales and to develop a two-tiered allocation method. First, we directed the respondents to perform the price-based cost allocation (including the random-length-tally sales) without regard to length. Second, we directed them to allocate the resulting product costs into length-specific costs. In performing the second step, we set out a hierarchy when looking for surrogate sales as allocation factors: 1) length-specific sales of the identical product; 2) length-specific sales of products that are identical to the product except for width; and 3) length-specific sales of products identical to the product except for NLGA grade equivalent. For purposes of these preliminary results, we have used the programs and calculations provided by respondents except in the case of West Fraser and Weldwood. For West Fraser and Weldwood, this step was not necessary

due to their ability to provide length-specific sales data. See *Treatment of Sales Made on a Random-Lengths Basis* section above. In addition, we excluded the price of purchased and resold lumber from our calculation of the respondent's per unit product costs.¹⁴

3. Individual Company Adjustments

We relied on the COP data submitted by each respondent in its cost questionnaire response, except in specific instances where based on our review of the submissions and our verification findings, we believe that an adjustment is required, as discussed below.

For the calculation of general and administrative (G&A) expenses for all companies, we did not include the legal fees which were paid directly by the company to its legal counsel and consultants associated with the AD and CVD proceedings. However, we included the fees paid to the provincial associations because none of the companies was able to substantiate that these payments were for legal representation associated with the AD and CVD proceedings.

In accordance with section 773(f)(1) of the Act, for companies that had inter-divisional byproduct transactions where the transfer price was significantly higher than an arm's-length market price, we adjusted the transfer price to the market price. For companies that had byproduct transactions with affiliates where the transfer price was higher than the market price, we adjusted the transfer price to the market price in accordance with section 773(f)(2) of the Act.

(A) Abitibi

- 1) We adjusted Abitibi's byproduct offset for wood chip revenue in British Columbia to reflect the average market price it obtained from unaffiliated parties.
- 2) We included in Abitibi's G&A expense rate calculation the goodwill impairment that was written off in its normal books and records. Additionally, we excluded the plant closure costs.
- 3) Because Abitibi reported net financing income, we included zero financing costs.

See *Memorandum from Michael Harrison to Neal M. Halper regarding Abitibi's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results* (May 31, 2005).

(B) Canfor

¹⁴ W knowledge that the product was for export to the United States. e note that the vast majority of purchased lumber was excluded from our sales analyses as the producer had.

¹³ Abitibi, Tembec, West Fraser, Weyerhaeuser, and Canfor. As discussed above, during the investigation, Canfor and Slocan merged as of April 1, 2004. Both companies had sales which were disregarded because they were below the cost of production.

- 1) We adjusted the Pas' byproduct offset for wood chip revenue in British Columbia to reflect the average market price it obtained from unaffiliated parties.
- 2) We increased Canfor's reported cost of manufacturing (COM) to reflect arm's length prices of contract logging performed by affiliated parties in accordance with section 773(f)(2) of the Act.
- 3) For the Lakeland entity, we reclassified the "other income" items from financial expenses to G&A expenses.
- 4) For the Canfor entity, we excluded the gain on sales of land from the G&A expense rate calculation. We also included in G&A certain wood paneling division costs which related to the general operations of the company. In addition, we included costs associated with maintenance and downtime that had been excluded.
- 5) For the Slocan entity, we identified a startup adjustment related to the Mackenzie Mill in the first administrative review. We included the adjustment in our cost calculations for this review.
- 6) Because Canfor reported net financing income, we included zero financing costs.

See Memorandum from Gina K. Lee to Neal M. Halper regarding Canfor's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (May 31, 2005).

(C) *Tembec*

- 1) We used Tembec's unconsolidated financial statements of the lumber-producing entities to calculate the G&A expense rate. We included the impairment of goodwill and write down of fixed assets in the G&A expenses.
- 2) Because Tembec reported net financing income, we included zero financing costs.
- 3) We adjusted Tembec's province specific byproduct offset for wood chip revenue to reflect the average market price it obtained from unaffiliated parties.
- 4) We excluded Tembec's claimed byproduct offset for the whole log chip revenues because whole log chipping is not a byproduct of lumber production.
- 5) We adjusted the reported variable wood costs to reflect the cost of external log sales.

See Cost Memorandum from Sheikh Hannan to Neal Halper regarding Tembec's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary

Results (May 31, 2005).

(D) *Tolko*

- 1) We increased Tolko's reported wood costs to reflect arm's length prices of logs purchased from affiliated parties in accordance with section 773(f)(2) of the Act.
- 2) We revised Tolko's financial expense calculation. Due to the claimed proprietary nature of the adjustment, we discuss this more fully in the calculation memo cited below.

See Memorandum from Nancy M. Decker to Neal M. Halper regarding Tolko's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (May 31, 2005).

(E) *Weldwood*

- 1) We used Weldwood's submitted cost file that allocates the timberland units' log costs to the sawmills based on the average log cost from each timberland.
- 2) We revised the planer cost of one mill to account for trim loss on rough lumber inter-company sales and to reclassify certain planer costs.
- 3) We revised the variable drying cost of three mills to account for drying expenses related to inter-company sales of dried rough lumber.
- 4) We revised the variable planing costs of two mills to include freight expenses incurred on inter-company sales.
- 5) Weldwood allocated certain wood chip revenue to one location. We reallocated this revenue to the sawmills that produced the wood chips.

See Memorandum from Mark Todd to Neal Halper regarding Weldwood's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (May 31, 2005).

(G) *West Fraser*

- 1) Because West Fraser reported net financing income, we included zero financing costs.
- 2) We excluded the gain on the sale of a sawmill unit from the G&A expense rate calculation.

See Memorandum from James Balog to Neal Halper regarding West Fraser's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (May 31, 2005).

(H) *Weyerhaeuser*

- 1) We revised the Weyerhaeuser's reported wood costs for the British Columbia Coastal timberland units to reflect a value-based cost allocation for logs transferred to the sawmills. We used the cost database

which Weyerhaeuser provided at our request that reflects the alternative value-based log costing methodology.

- 2) We adjusted Weyerhaeuser's byproduct offset for wood chip revenue in British Columbia to reflect the average market price it obtained from unaffiliated purchasers.
- 3) We excluded from the G&A expense rate calculation the costs related to closure of the company's production facilities.
- 4) We disallowed certain offsets to G&A expenses, the identity of which is proprietary. We discuss these items more fully in the calculation memo cited below.

See Memorandum from Ernest Gziryay to Neal Halper regarding Weyerhaeuser's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (May 31, 2005).

4. Test of Home-Market Sales Prices
We compared the adjusted weighted-average COP for each respondent to its home-market sales of the foreign like product, as required under section 773(b) of the Act, to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, a period of one year) in substantial quantities and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a model-specific basis, we compared the revised COP to the home-market prices, less any applicable movement charges, export taxes, discounts and rebates.

5. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in substantial quantities. Where 20 percent or more of a respondent's sales of a given product during the POR were at prices less than the COP, we determined such sales to have been made in substantial quantities within an extended period of time in accordance with section 773(b)(2)(B) of the Act. Because we compared prices to the POR average COP, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. Therefore, we disregarded the below-cost sales. For all respondents, we found that more than 20 percent of the home-market sales of certain softwood lumber products

within an extended period of time were made at prices less than the COP. Further, the prices did not provide for the recovery of costs within a reasonable period of time. We therefore disregarded the below-cost sales and used the remaining sales as the basis for determining normal value, in accordance with section 773(b)(1) of the Act. For those U.S. sales of softwood lumber for which there were no useable home-market sales in the ordinary course of trade, we compared EPs or CEPs to the CV in accordance with section 773(a)(4) of the Act. See *Calculation of Normal Value Based on Constructed Value* section below.

C. Calculation of Normal Value Based on Home-Market Prices

We determined price-based NVs for each company as follows. For all respondents, we made adjustments for differences in packing in accordance with sections 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and we deducted movement expenses consistent with section 773(a)(6)(B)(ii) of the Act. In addition, where applicable, we 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, as well as for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. We also made adjustments, in accordance with section 351.410(e), for indirect selling expenses incurred on comparison-market or U.S. sales where commissions were granted on sales in one market but not in the other (the "commission offset"). Specifically, where commissions were granted in the U.S. market but not in the comparison market, we made a downward adjustment to NV for the lesser of (1) the amount of the commission paid in the U.S. market, or (2) the amount of indirect selling expenses incurred in the comparison market. If commissions were granted in the comparison market but not in the U.S. market, we made an upward adjustment to NV following the same methodology. Company-specific adjustments are described below.

(A) Abitibi

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price for inland freight, warehousing expenses, insurance, discounts, rebates, and billing adjustments. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales (e.g., credit expenses) and adding U.S. direct selling expenses (e.g., credit expenses). For comparisons made

to CEP sales, we deducted home-market direct selling expenses. See *Abitibi's Preliminary Calculation Memorandum*.

(B) Buchanan

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price by the amount of billing adjustments, early payment discounts, and movement expenses including inland freight, warehousing, miscellaneous movement charges, and a movement variance. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales (e.g., credit expenses). For comparisons to CEP sales, we deducted home market selling expenses.

(C) Canfor

Canfor commingled self-produced with purchased lumber in home-market sales in the same manner as it did in U.S. sales, as described in the previous section. We used Canfor's weighting factor to determine the percentage of lumber in the commingled sales that was supplied by other producers. We did not include these quantities when calculating the weight-averaged home-market prices for comparison to EP or CEP.

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price by the amount of billing adjustments, early payment discounts, rebates, interest revenue, and movement expenses (including inland freight, warehousing, and miscellaneous movement charges). For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales (e.g., credit and warranty expenses) and adding U.S. direct selling expenses (e.g., credit, advertising, and warranty expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses and revenue. In addition, we made adjustments to the home-market prices based upon our findings at verification. See *Canfor's Preliminary Calculation Memorandum*.

(D) Tembec

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price for billing adjustments, early payment discounts, rebates, interest revenue, freight from the mill to the reload center or VMI, reload center expenses and freight to the final customer. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses for home-market sales (e.g., credit expenses) and adding U.S. direct selling

expenses (e.g., credit expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses. See *Tembec's Preliminary Calculation Memorandum*.

(E) Tolko

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price by the amount of billing adjustments, and movement expenses including inland freight, warehousing, and miscellaneous movement charges. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales (e.g., credit and warranty expenses) and adding U.S. direct selling expenses (e.g., credit and warranty expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses. See *Tolko's Preliminary Calculation Memorandum*.

(F) Weldwood

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price for credit and debit adjustments, early payment discounts, net inland freight to the reload, and net inland freight to customers. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales and adding U.S. direct selling expenses (e.g., credit expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. See *Weldwood's Preliminary Calculation Memorandum*.

(G) West Fraser

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price for early payment discounts, inland freight to the warehouse, warehousing expenses, special charges, inland freight to customers, freight rebates, and fuel surcharges. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales and adding U.S. direct selling expenses (e.g., credit expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses. See *West Fraser's Preliminary Calculation Memorandum*.

(H) Weyerhaeuser

Weyerhaeuser commingled self-produced with purchased lumber in home-market sales in the same manner as it did in U.S. sales, as described in the previous section. We used Weyerhaeuser's weighting factor to

determine the percentage of lumber in the commingled sales that was supplied by other producers. We did not include these quantities when calculating the weight-averaged home-market prices for comparison to EP or CEP.

We based home-market prices on the packed prices to unaffiliated purchasers in Canada. We adjusted the starting price for discounts, rebates, billing adjustments, freight to the warehouse/reload center, warehousing expenses, freight to the final customer, and direct selling expenses including minor remanufacturing performed at Softwood Lumber Business (SWL) reloads and WBM locations. For comparisons made to EP sales, we made COS adjustments by deducting direct selling expenses incurred for home-market sales (e.g., credit expenses) and adding U.S. direct selling expenses (e.g., credit expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses.

D. Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that where NV cannot be based on comparison-market sales, NV may be based on CV. Accordingly, for those models of softwood lumber products for which we could not determine the NV based on comparison-market sales, either because there were no useable sales of a comparable product or all sales of the comparable products failed the COP test, we based NV on the CV.

Section 773(e) of the Act provides that the CV shall be based on the sum of the cost of materials and fabrication for the imported merchandise, plus amounts for SG&A expenses, profit, and U.S. packing costs. For each respondent, we calculated the cost of materials and fabrication based on the methodology described in the *Cost of Production Analysis* section, above. We based SG&A expenses and profit for each respondent on the actual amounts incurred and realized by the respondents in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the comparison market, in accordance with section 773(e)(2)(A) of the Act. We used U.S. packing costs as described in the *Export Price* section, above.

We made adjustments to CV for differences in COS in accordance with section 773(a)(8) of the Act and 19 CFR 351.410. For comparisons to EP, we made COS adjustments by deducting direct selling expenses incurred on home-market sales from, and adding U.S. direct selling expenses to, CV. For comparisons to CEP, we made COS adjustments by deducting from CV

direct selling expenses incurred on home-market sales.

E. Level of Trade/CEP Offset

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or CEP transaction. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive SG&A expenses and profit. For EP, the U.S. LOT is also the level of the starting-price sale, which is usually from exporter to importer. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP or CEP, we examine 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 are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

In implementing these principles in this review, we obtained information from each respondent about the marketing stages involved in the reported U.S. and comparison-market sales, including a description of the selling activities performed by the respondents for each channel of distribution. In identifying LOTs for EP and comparison-market sales, we considered the selling functions reflected in the starting price before any adjustments. For CEP sales, we considered only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. We expect that, if claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar.

In this review, we determined the following, with respect to the LOT and CEP offset, for each respondent.

(A) Abitibi

Abitibi reported three channels of distribution. The first channel of distribution (channel 1) included direct sales from Canadian mills or reload centers to customers. The second channel of distribution (channel 2) consisted of direct sales from Canadian reload centers to customers. The third channel of distribution (channel 3) consisted of VMI/consignment sales made to large retailers, distributors, building materials manufacturers and other large lumber producers. We compared selling functions in each of these three channels of distribution and found that the sales process, freight services and inventory maintenance activities were similar. Accordingly, we preliminarily determine that home-market sales in these three channels of distribution constitute a single LOT.

In the U.S. market, Abitibi had both EP and CEP sales. Abitibi reported EP sales to end-users and distributors through two channels of distribution for its direct sales from Canadian mills (channel 1) or from Canadian reload centers to customers (channel 2). Abitibi reported the same selling functions for these two channels of distribution. Therefore, we consider that channels of distribution for EP sales during the review constitute a single LOT. Moreover, we preliminarily determine that this EP LOT is identical to the home-market LOT.

With respect to CEP sales, Abitibi reported sales through two channels of distribution. The first (channel 3) included direct sales from U.S. reload centers to customers. The second (channel 4) consisted of VMI/consignment sales made to large retailers, distributors, building materials manufacturers and other large lumber producers. The selling functions related to freight arrangements and inventory maintenance for these two channels of distribution were not significantly different and, therefore, we preliminarily determine there is only one CEP LOT.

Abitibi's sales to end-users and distributors in the home-market and in the U.S. market do not involve significantly different selling functions. Abitibi's Canadian-based services for CEP sales were similar to the single home-market LOT with respect to sales process and warehouse/inventory maintenance. Because we are finding the LOT for CEP sales to be similar to the home-market LOT, we are making no LOT adjustment or CEP offset. See section 773(a)(7)(A) of the Act.

(B) Buchanan

Buchanan reported multiple channels of distribution in the home market, with six categories of unaffiliated customers. Buchanan made sales to customers in Canada via the affiliated sales agent, Buchanan Lumber Sales, Inc. (BLS), direct from the mill, through a reload yard, or it made use of resellers in certain instances. We compared selling functions in each of these channels of distribution and found that the sales process and freight services were similar. Accordingly, we preliminarily determine that home-market sales in these channels of distribution constitute a single LOT.

In the U.S. market, Buchanan had both EP and CEP sales. Buchanan reported EP sales to end-users and distributors, via the affiliated sales agent BLS, through multiple channels of distribution, including mill-direct sales, sales that traveled through reload facilities, and sales made via resellers. These EP channels of distribution do not significantly differ from the channels of distribution in the home market. Because the sales process and freight services were similar, we preliminarily determine that EP sales in these five channels of distribution constitute a single LOT, and therefore that this EP LOT is identical to the home-market LOT.

With respect to CEP sales, Buchanan reported those sales that traveled through a U.S. reload yard. Consequently, we preliminarily find a single CEP LOT. In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

Buchanan's sales in the home and U.S. markets do not involve significantly different selling functions. Buchanan's Canadian-based services for its CEP sales were similar to the single home-market LOT with respect to sales process and freight arrangements. Because we are finding the LOT for CEP to be similar to the home-market LOT, we are making no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(C) *Canfor*

Canfor reported four channels of distribution in the home market in its September 28, 2004, section A response, with seven customer categories. However, in accordance with the Department's instructions, Canfor added a fifth channel of distribution to each

market for sales of remanufactured lumber, thereby reporting five channels of distribution in the home market. The first channel of distribution (channel 1) includes sales where merchandise was shipped directly from one of Canfor's sawmills to a Canadian customer. The second channel of distribution (channel 2) consists of sales made through reload centers, where merchandise was shipped from the primary mill through one or more lumber-handling and inventory yards before delivery to the end customer. The third channel of distribution (channel 3) includes sales made pursuant to VMI programs. The fourth channel of distribution (channel 4) includes sales made by Lakeland without Sinclair's assistance to employees or local lumber yards in the Prince George, British Columbia, area.

We compared the selling functions in these five channels of distribution and found that they differed only slightly in that certain services were provided for VMI customers that were not provided to other channels including: inventory management, education on environmental issues, and in-store training. Also, office wholesalers (wholesalers that do not hold inventory), one of Canfor's customer categories, only purchased lumber through channel 1. In addition, home centers requested custom packing, wrapping, and bar coding. With respect to the sales process, freight and delivery services, custom-packing services, providing technical information, inspecting quality claims, and participating in trade shows, the sales to all customer categories in all channels were similar in all respects. Accordingly, we preliminarily determine that home-market sales in these five channels of distribution constitute a single LOT.

In the U.S. market, Canfor had both EP and CEP sales. Canfor reported the same first three channels of distribution for U.S. sales as it did for home market sales: The first channel of distribution (channel 1) includes sales where merchandise was shipped directly from one of Canfor's sawmills to a U.S. customer. The second channel of distribution (channel 2) consists of sales made through reload centers, where merchandise was shipped from the primary mill through one or more lumber-handling and inventory yards before delivery to the end customer. The third channel of distribution (channel 3) includes sales made pursuant to VMI programs. Canfor's fourth channel of distribution was for sales made through trading activity on the Chicago Mercantile Exchange. As noted above, in accordance with Department

instructions, Canfor added a fifth channel of distribution to the each market for sales of remanufactured lumber. In addition, also in accordance with the Department's instructions, Canfor added a sixth U.S. channel of distribution for U.S. sales made out of Canadian reload locations. Canfor made EP sales, therefore, through channels 1, 4, 5, and 6. Moreover, these four EP channels of distribution do not significantly differ from the channels of distribution in the home market. Accordingly, we preliminarily determine that EP sales in these four channels of distribution constitute a single LOT and that this EP LOT is identical to the home-market LOT.

With respect to CEP sales, Canfor reported that these sales were made through channels 2 (U.S. reload facilities), 3 (VMI customers), and 5 (sales made through remanufacturers). The selling functions performed for these three channels of distribution were not significantly different in terms of freight arrangements and inventory management; therefore, we preliminary determine there is only one CEP LOT.

In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

Canfor's sales in the home and U.S. markets do not involve significantly different selling functions. Canfor's Canadian-based services for its CEP sales were similar to the single home-market LOT with respect to sales process and inventory management. Because we are finding the LOT for CEP sales to be similar to the home-market LOT, we are making no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(D) *Tembec*

Tembec reported four channels of distribution applicable to both markets. The first channel of distribution (channel 1) included direct sales from the mill to customers which included sales to wholesalers who took title to but not physical possession of the lumber and resold it to end-users. The second channel of distribution (channel 2) consisted of sales which were shipped through a reload center en route to the customer. The third channel of distribution (channel 3) consisted of sales made through VMIs located in Canada or the United States. The fourth (channel 4), consisted of sales where the customer picked-up the merchandise.

We found that the first three home-market channels of distribution were similar with respect to both the sales process and freight services. While channel 4 sales did not receive freight arrangement, it was the same as the other channels in terms of sales process. We do not consider arrangement of freight alone to rise to the level of a separate LOT. Accordingly, we preliminarily determine that home-market sales in these four channels of distribution constitute a single LOT.

In the U.S. market, Tembec had both EP and CEP sales. Tembec reported EP sales to end-users and distributors through the channels 1, 2, and 4. These three channels of distribution, as they apply to EP sales, do not differ from the three channels of distribution in the home market. Because the sales process, freight services (for channels 1 and 2) and inventory maintenance were similar, we preliminarily determine that EP sales in these three channels of distribution constitute a single LOT and that this EP LOT is identical to the home-market LOT.

With respect to CEP sales, Tembec reported that these sales were made through two channels of distribution (2 and 3), and consisted of U.S. sales that either pass through a U.S. reload center en route to the customer, or go to a VMI. The selling functions related to freight and delivery for these two channels of distribution were not significantly different and, therefore, we preliminarily determine there is only one CEP LOT.

In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

Tembec's sales to end-users and distributors in the home market and in the U.S. market do not involve significantly different selling functions. Tembec's Canadian-based services for CEP sales were similar to the single home-market LOT with respect to sales process and freight arrangements. Because we are finding that the LOT for CEP sales to be similar to the home-market LOT, we are making no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(E) *Tolko*

Tolko reported two channels of distribution in the home market. The first channel of distribution (channel 1) included direct sales made by Tolko's North American Lumber Sales and Tolko Brokerage divisions from Tolko's

Canadian mill production and may have been shipped either directly or through a reload center to customers. The second channel of distribution (channel 2) consisted of sales made principally by Tolko Brokerage and TDS divisions from inventory locations that contained softwood lumber produced by Tolko and various suppliers. We compared the sales process in each channel of distribution and found that the selling functions were similar for each channel. Accordingly, we preliminarily determine that home-market sales in these channels of distribution constitute a single LOT.

In the U.S. market, Tolko had both EP and CEP sales. Tolko reported EP sales to U.S. customers through one channel of distribution. Similar to the home market, this channel included direct sales made by Tolko's North American Lumber sales and Tolko Brokerage divisions from Tolko's Canadian mill production and were shipped either directly or through a reload center to customers. Because the sales processes in this channel of distribution were similar, we preliminarily determine that there is a single EP LOT and that this EP LOT is identical to the home-market LOT.

With respect to CEP sales, Tolko reported these sales through two channels of distribution. The first (channel 2), included sales by Tolko's North American Lumber Sales and Tolko Brokerage divisions from U.S. inventory reload centers to customers. The second (channel 3), consisted of sales made to U.S. companies pursuant to VMI contracts. The selling functions, including freight arrangements and order processing, for these two channels of distribution were not significantly different and, therefore, we preliminarily determine there is only one CEP LOT.

In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

Tolko's Canadian-based services for its CEP sales were similar to the single home-market LOT with respect to sales process and inventory management. Because we are finding the LOT for CEP sales to be similar to the home-market LOT, we are making no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(F) *Weldwood*

Weldwood reported three channels of distribution and four customer

categories in the home market. The first channel of distribution, channel 1, consists of sales from a mill directly to customers. The second channel of distribution, channel 2, comprises sales from a Canadian reload to customers. The third channel of distribution, channel 3, consists of sales through a VMI program. Although we found differences in the level of inventory maintenance and inventory management performed for the different channels, the three channels are similar with respect to the overall sales process, packing, freight services, invoicing, warranty claims, the granting of credit or debit adjustments, and the granting of early payment discounts. Accordingly, we preliminarily determine that home market sales in these three channels of distribution constitute a single LOT.

In the U.S. market, Weldwood made both EP and CEP sales. Weldwood reported EP sales to three customer categories through two channels of distribution, mill direct sales and sales through Canadian reloads. Although we found differences in the level of inventory maintenance performed for the different channels, the channels are similar with respect to the overall sales process, packing, freight services, invoicing, warranty claims, the granting of credit or debit adjustments, and the granting of early payment discounts. Therefore, we preliminarily determine that EP sales through the two channels of distribution constitute a single LOT. Further, we do not find that the selling functions for Weldwood's single home market LOT differ significantly from the selling functions for the LOT for EP sales. Therefore, we preliminarily determine that home market sales and EP sales are at an identical LOT.

With respect to CEP sales, Weldwood's third channel of distribution, channel 3, comprises sales to customers through WSI, an affiliate of the International Paper Company (IP), Weldwood's parent company during the POR. WSI's only purpose was to hold inventory at U.S. reload locations. It had no facilities or employees in the United States. Weldwood made these sales from unaffiliated reload centers in the United States. All selling activities were performed by Weldwood sales personnel located in Canada.

In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

Weldwood reported that all selling expenses for CEP sales are incurred in Canada. Further, Weldwood claimed that its Canadian-based services for CEP sales are the same as the services it performs for home market sales through a Canadian reload. See Weldwood's January 14, 2005, section A questionnaire response at A-28 through A-31;¹⁵ see also Weldwood's March 10, 2005, sections A, B, and C supplemental questionnaire response at Appendix SA-5. Because all selling functions performed for CEP sales are similar to the selling functions of the home market LOT, we are making no LOT adjustment or CEP offset. See section 773(a)(7)(A) of the Act.

(G) *West Fraser*

West Fraser reported four channels of distribution in the home market. The first channel of distribution (channel 1) included sales made directly to end-users and distributors from a mill or origin reload. The second channel of distribution (channel 2) consisted of sales made to end-users and distributors through VMI programs. The third channel of distribution (channel 3) consisted of sales made to end-users and distributors through unaffiliated inventory locations. The fourth channel of distribution (channel 4) consisted of sales made to end-users and distributors from the Seehta mill through an origin reload. We compared these four channels of distribution and found that, while selling functions differed slightly with respect to the arrangement of freight and delivery for origin reload centers in channel 2 and the office handling sales in channel 3, all four channels were similar with respect to sales process, packing, freight services, inventory services, warranty services, and early payment discount services. Accordingly, we found that home-market sales in these three channels of distribution constitute a single LOT.

In the U.S. market, West Fraser had both EP and CEP sales. For EP sales, West Fraser reported one channel of distribution. This channel of distribution only included sales made directly to end-users and distributors from a mill or origin reload. The channel of distribution for EP sales does not differ from the first channel of distribution within in the home market, except with respect to paper processing services in connection with brokerage and handling. Therefore, as both the above home and U.S. market channel of

distribution are comparable in terms of selling functions, delivery and customer categories, the EP channel of distribution LOT is similar to the single home market LOT.

With respect to CEP sales, West Fraser had two channels of distribution (channel 2 and 3). Both channels of distribution included sales to end-users and distributors through West Fraser's subsidiary, WFFP. The company WFFP is incorporated in the United States and was specifically created to act as the importer of record and hold title to lumber sold in the United States. It has no facilities or employees in the United States. The second channel of distribution (channel 2) does not differ from the second channel of distribution within the home market, except with respect to paper processing services in connection with brokerage and handling. For the third channel of distribution (channel 3), sales were made from unaffiliated destination reload centers in the United States by sales people located in Canada.

In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions in the distribution chains and customer categories reported in both markets. In our analysis of LOTs for CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act.

West Fraser's Canadian-based services for its CEP sales include order-taking, invoicing and inventory management. West Fraser's Canadian sales agents occasionally arrange for reload center excess storage and freight from U.S. destination reload centers to unaffiliated end users. Any services occurring in the United States are provided by the unaffiliated reload centers, which are paid a fee by West Fraser. These expenses have been deducted from the CEP starting price as movement expenses.

West Fraser's sales to end-users and distributors in the home market and its CEP sales in the U.S. market do not involve significantly different selling functions. Specifically, the CEP LOT was similar to the single home-market LOT with respect to sales process and inventory maintenance. Therefore, we are making no LOT adjustment or CEP offset. See section 773(a)(7)(A) of the Act.

(H) *Weyerhaeuser*

Weyerhaeuser reported seven channels of distribution in the home market, with seven customer categories.¹⁶

The channels of distribution are: 1) mill-direct sales; 2) VMI sales; 3) mill-direct sales made through WBM; 4) sales made out of inventory by WBM; 5) SWL and B.C. Coastal Group's (BCC) sales through Canadian reloads; 6) BCC's sales through processing facilities; and 7) WBM cross dock sales.¹⁷ To determine whether separate LOTs exist in the home market, we examined the selling functions, the chain of distribution, and the customer categories reported in the home market.

For each of its channels of distribution, Weyerhaeuser's selling functions included invoicing, freight arrangement, product training, marketing and promotional activities, advanced shipping notices, and order status information. Weyerhaeuser's sales made out of inventory by WBM (channel 4) appear to involve substantially more selling functions, and to be made at a different point in the chain of distribution than mill-direct sales. WBM functions as a distributor for BCC and SWL, and operates as a reseller for unaffiliated parties. WBM operates a number of customer service centers (CSC) throughout Canada where it provides local sales offices and just-in-time inventory (JIT) service for its customers. Generally, BCC and SWL make the sale to WBM, after which the merchandise is sold to the final customer by WBM's local sales force. Freight must be arranged to the WBM inventory location and then to the final customer. CSCs will also engage in minor further manufacturing to fill a customer order, if the desired product is not in inventory. Additionally, WBM sells from inventory through its trading group locations (TGs).

WBM also sells on a mill-direct basis (channel 3) but does not provide the JIT service for such transactions. Therefore, we do not consider mill-direct sales made through WBM to be at a separate LOT from mill-direct sales made by SWL and BCC. Additionally, we compared sales invoiced from Canadian reloads (channel 5) and sales made from BCC's processing mills (channel 6) to the mill direct sales and found that the selling activities did not differ to the degree necessary to warrant separate LOTs. Our analysis of cross dock sales (channel 7) indicates that they are most similar to WBM's warehouse sales. The specialized nature of these sales

However, we removed these sales from the margin calculation and LOT analysis.

¹⁷ Even though there are only seven channels of distribution in the home market, Weyerhaeuser designated cross dock sales as channel eight in the questionnaire response and accompanying database.

¹⁵ The January 14, 2005, section A response refers to the rebracketed version of Weldwood's original section A response that was submitted on September 28, 2004.

¹⁶ Weyerhaeuser also reported a customer category for employee sales in the home market.

requires additional services that direct sales do not. Like WBM warehouse sales, cross dock merchandise is usually part of a JIT order and is shipped from a mill to an inventory location. Even though the merchandise may not be commingled or unpacked, it often enters the warehouse and requires additional services for two freight segments and loading and unloading. Therefore, we consider cross dock sales to be at the same LOT as WBM warehouse sales.

Sales made through VMI arrangements (channel 2) also appear to involve significantly more selling activities than mill-direct sales. SWL has a designated sales team responsible for VMI sales which works with the customers to develop a sales volume plan, manages the flow of products and replenishing process, and aligns the sales volume plan with Weyerhaeuser's production plans. It also offers extra services such as bar coding, cut-in-two, half packing, and precision end trimming.

We analyzed Weyerhaeuser's customer categories in relation to the channels of distribution and application of selling functions. Each channel services multiple customer categories with channels 1, 2, 3, 4, 5, and 7 serving at least six customer categories. We found there were not significant differences in the application of selling functions by customer and instead the activities depended on the channel of distribution. Therefore, customer category is not a useful indicator of LOT for Weyerhaeuser's home market sales.

Because VMI, WBM inventory, and WBM cross dock sales involve significantly more selling functions than the mill-direct sales, we consider them to be at a more advanced LOT for purposes of the preliminary results. While the selling activities for VMI, WBM inventory, and cross dock sales are not identical, the principal selling activity for all three is JIT inventory maintenance. Thus, we consider them to be at the same LOT. Accordingly, we find that there are two LOTs in the home market, mill-direct (HM1) (encompassing channels 1, 3, 5, and 6) and VMI, WBM sales out of inventory, and cross dock sales (HM2) (encompassing channels 2, 4, and 7).

Weyerhaeuser reported eight channels of distribution in the U.S. market, with eight customer categories. The channels of distribution are: 1) mill-direct sales; 2) VMI sales; 3) WBM direct sales; 4) WBM U.S. inventory sales; 5) SWL sales through U.S. reloads; 6) SWL and BCC sales through Canadian reloads; 7) sales from BCC's processing facilities; and 8) WBM cross dock sales. In determining whether separate LOTs existed between

U.S. and home market sales, we examined the selling functions, the chain of distribution, and customer categories reported in the U.S. market.

With regard to the mill-direct sales to the United States (channels 1 and 3), Weyerhaeuser has the same selling activities as it does for mill-direct sales in Canada. Likewise, we consider sales invoiced from Canadian reloads (channel 6) and sales made from BCC processing mills (channel 7) to be at the same LOT as the direct sales. Therefore, where possible, we matched the U.S. mill-direct sales (U.S.1) (encompassing channels 1, 3, 6, and 7) to the Canadian mill-direct sales (HM1). The other channels consist of CEP sales as addressed below.

Weyerhaeuser's Canadian selling functions for VMI sales to the United States (channel 2) include the similar selling functions performed for home market VMI sales, as described above, except that the sales are managed by SWL Western in the United States. As a result, the selling functions, with the exception of arranging freight to the VMI locations, are performed in the United States. Therefore, after the deduction of U.S. expenses and profit, we find that the U.S. VMI sales (U.S.1) are made at the same LOT as home market direct sales (HM1), and we have matched them accordingly in the margin program.

SWL's sales through U.S. reloads (channel 5) also appear to have selling functions performed in Canada and the United States. While Weyerhaeuser states that it maintains JIT inventory for its U.S. customers at these reloads, many of the selling functions are managed by SWL Western in the United States. After the deduction of U.S. expenses and profit, these sales do not appear to be at a different point in the chain of distribution than mill-direct sales in Canada. Therefore, for purposes of the preliminary results, we consider SWL's sales through U.S. reloads to be at the same LOT as its mill-direct sales (U.S.1 and HM1), and we have matched them accordingly.

With regard to WBM's U.S. inventory sales (channel 4) significant selling activities occur in the United States, such as maintaining local sales offices and JIT, and arranging freight to the final customer. The selling functions performed in Canada are the same selling functions performed for mill-direct sales. Therefore, after the deduction of U.S. expenses and profit, we find that WBM's U.S. inventory sales are at the same LOT as mill-direct sales (U.S.1 and HM1), and we have matched them accordingly. We found that cross dock sales (channel 8) were most similar

to WBM warehouse sales and, as such, designated them at the same LOT (*i.e.*, U.S.1.)

As was the case with Canadian sales, each U.S. channel of distribution services multiple customer categories. Channels 1-5 have buyers from at least five customer categories. The other three channels have two to four customer categories each but also realized significantly fewer sales during the POR. We found there were not significant differences in the application of selling functions by customer and instead the activities depended on the channel of distribution. Therefore, customer category is not a useful indicator of LOT for Weyerhaeuser's U.S. sales.

Because we found a pattern of consistent price differences between LOTs, where we matched across LOTs, we made an LOT adjustment under section 773(a)(7)(A) of the Act.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act, based on exchange rates in effect on the date of the U.S. sale, as certified by the Federal Reserve Bank.

Preliminary Results of Review

As a result of this review, we preliminarily determine that the following weighted-average margins exist for the period May 1, 2003, through April 30, 2004:

Producer	Weighted-Average Margin (Percentage)
Abitibi (and its affiliates Abitibi-Consolidated Company of Canada, Produits Forestiers Petit Paris Inc., Societe en Commandite Scierie Opitciwan, Produits Forestiers La Tuque Inc.)	2.53

**REVIEW-SPECIFIC AVERAGE RATE
APPLICABLE TO THE FOLLOWING
COMPANIES:**

Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)
Buchanan (and its affiliates Atikokan Forest Products Ltd., Long Lake Forest Products Inc., Nakina Forest Products Limited, ¹⁸ Buchanan Distribution Inc., Buchanan Forest Products Ltd., Great West Timber Ltd., Dubreuil Forest Products Ltd., Northern Sawmills Inc., McKenzie Forest Products Inc., Buchanan Northern Hardwoods Inc., Northern Wood, and Solid Wood Products Inc.)	2.49	2 by 4 Lumber Sales Ltd. 605666 BC Ltd. 9027-7971 Quebec Inc. (Scierie Marcel Dumont). 9098-5573 Quebec Inc. (K.C.B. International). AFA Forest Products Inc. A. L. Stuckless & Sons Limited. AJ Forest Products Ltd. Alexandre Cote Ltee. Allmac Lumber Sales Ltd. Allmar International. Alpa Lumber Mills Inc. American Bayridge Corporation. Apex Forest Products, Inc. Apollo Forest Products Limited. Aquila Cedar Products Ltd. Arbutus Manufacturing Limited. Ardew Wood Products, Ltd. Armand Duhamel & Fils Inc. Ashley Colter (1961) Limited. Aspen Planers Ltd. Associated Cedar Products. Atco Lumber. Atlantic Pressure Treating Ltd. Atlantic Warehousing Limited. Atlas Lumber (Alberta) Ltd. AWL Forest Products. B & L Forest Products Ltd. Bakerview Forest Products Inc. Bardeaux et Cedres St-Honore Inc. (Bardeaux et Cedres). Barrett Lumber Company. Barrette-Chapais Ltee. Barry Maedel Woods & Timber. Bathurst Lumber (Division of UPM-Kymmene Miramichi Inc.). Beaubois Coaticook Inc.		Blackville Lumber (Division of UPM-Kymmene Miramichi Inc.). Blanchette et Blanchette Inc. Bloomfield Lumber Limited. Bois Cobodex (1995) Inc. Bois Daaquam Inc. Bois De L'Est F.B. Inc. Bois Granval G.D.S. Inc. Bois Kheops Inc. Bois Marsoui G.D.S. Inc. Bois Neos Inc. Bois Nor Que Wood Inc. Boisaco Inc. Boscus Canada Inc. Boucher Forest Products Ltd. Bowater Canadian Forest Products Inc. Bowater Incorporated. Bridgeside Forest Industries, Ltd. Bridgeside Higa Forest Industries Ltd. Brittainia Lumber Company Limited. Brouwer Excavating Ltd. Brunswick Valley Lumber. Buchanan Lumber. Busque & Laflamme Inc. BW Creative Wood. Byrnexco Inc. C. E. Harrison & Son Ltd. Caledon Log Homes (FEWO). Caledonia Forest Products Ltd. Cambie Cedar Products Ltd. Canadian Lumber Company Ltd. Cando Contracting Ltd. Canex International Lumber Sales Ltd. CanWel Building Materials Ltd. CanWel Distribution Ltd. Canyon Lumber Company Ltd. Cape Cod Wood Siding Inc. Cardinal Lumber Manufacturing & Sales Inc.	
Canfor ¹⁹ * (and its affiliates Canadian Forest Products, Ltd., Daaquam Lumber Inc., Lakeland Mills Ltd., The Pas Lumber Company Ltd., and Skeena Cellulose)	1.42				
Tembec (and its affiliates Marks Lumber Ltd., 791615 Ontario Limited (Excel Forest Products), Produits Forestiers Temrex Limited Partnership ²⁰)	3.16				
Tolko (and its affiliate Gilbert Smith Forest Products Ltd.) ..	3.22				
Weldwood	5.62				
West Fraser (and its affiliates West Fraser Forest Products Inc., and Seehta Forest Products Ltd.)	0.51				
Weyerhaeuser (and its affiliate Weyerhaeuser Saskatchewan Ltd.)	4.74				

¹⁸ We note that Nakina Forest Products Limited is a division of Long Lake Forest Products, Inc, an affiliate of Buchanan Lumber Sales.

¹⁹ We note that this margin reflects a weighted-average of Canfor's and Slocan's respective margins. See *Collapsing Determinations* section above.

²⁰ We note that Produits Forestiers Temrex Limited Partnership is the same entity as the company Produits Forestiers Temrex Usine St. Alphonse, Inc. included in the July 1, 2003, initiation notice. See *Notice of Initiation of Anti-dumping Duty Administrative Review*, 68 FR 39059 (July 1, 2003).

Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)
Careau Bois Inc.		Doman Industries Limited.		Gerard Crete & Fils Inc.	
Carrier & Begin Inc.		Doman Western Lumber Ltd.		Gestofo Inc.	
Carrier Forest Products Ltd.		Domexport Inc.		Gogama Forest Products.	
Carrier Lumber Ltd.		Domtar Inc.		Goldwood Industries Ltd.	
Carson Lake Lumber.		Downie Timber Ltd.		Gorman Bros. Lumber Ltd.	
Cattermole Timber.		Dunkley Lumber Ltd.		Great Lakes MSR Lumber Ltd.	
CDS Lumber Products.		E. Tremblay Et. Fils Ltee.		Greenwood Forest Products.	
Cedarland Forest Products Ltd.		Eacan Timber Canada Ltd.		Groupe Lebel.	
Cedrico Lumber Inc. (Bois d'Oeuvre Cedrico Inc.).		Eacan Timber Limited.		H. A. Fawcett & Son Limited.	
Central Cedar, Ltd.		Eacan Timber USA Ltd.		H. J. Crabbe & Sons Ltd.	
Centurion Lumber Manufacturing (1983) Ltd.		East Fraser Fiber Co. Ltd.		Haida Forest Products Ltd.	
Chaleur Sawmills.		Eastwood Forest Products Inc.		Hainesville Sawmill Ltd.	
Chasyn Wood Technologies Inc.		Ed Bobocel Lumber 1993 Ltd.		Harrison's Home Building Centers.	
Cheminis Lumber Inc.		Edwin Blaikie Lumber Ltd.		Harry Freeman & Son Ltd.	
Cheslatta Forest Products Ltd.		Elmira Wood Products Limited.		Hefler Forest Products Ltd.	
Chisholm's (Roslin) Ltd.		Elmsdale Lumber Company Ltd.		Hi-Knoll Cedar Inc.	
Choicewood Products Inc.		ER Probyn Export Ltd.		Hilmoe Forest Products Ltd.	
City Lumber Sales and Services Limited.		Errington Cedar Products.		Hoeg Brothers Lumber Ltd.	
Clair Industrial Dev. Corp. Ltd.		Evergreen Empire Mills Incorporated.		Holdright Lumber Products Ltd.	
Clermond Hamel Ltee.		EW Marketing.		Hudson Mitchell & Sons Lumber Inc.	
Coast Clear Wood Ltd.		F.L. Bodogh Lumber Co. Ltd.		Hughes Lumber Specialties Inc.	
Colonial Fence Mfg. Ltd.		Falcon Lumber Limited.		Hyak Specialty Wood Products Ltd.	
Columbia Mills Ltd.		Faulkner Wood Specialties Limited.		Industrial Wood Specialties.	
Comeau Lumber Limited.		Federated Co-operatives Limited.		Industries G.D.S. Inc.	
Commonwealth Plywood Company Ltd.		Fenclo Ltee.		Industries Perron Inc.	
Cooper Creek Cedar Ltd.		Finmac Lumber Limited.		Interior Joinery Ltd.	
Cottles Island Lumber Co. Ltd.		Fontaine Inc., J. A. and its affiliates		International Forest Products Ltd.	
Cowichan Lumber Ltd.		Fontaine et fils Inc.,		Isidore Roy Limited.	
Crystal Forest Industries Ltd.		Bois Fontaine Inc.,		Ivis Wood Products.	
Curley Cedar Post & Rail.		Gestion Natanis Inc., Les Place-		Ivor Forest Products Ltd.	
Cushman Lumber Company Inc.		ments Jean-Paul		J & G Logworks.	
D. S. McFall Holdings Ltd.		Fontaine Ltee.		J. A. Turner & Sons (1987) Limited.	
Dakeryn Industries Ltd.		Forex Log & Lumber.		J.D. Irving, Ltd.	
Deep Cove Lumber.		Forstex Industries Inc.		J.S. Jones Timber Ltd.	
Delco Forest Products.		Forwest Wood Specialties Inc.		Jackpine Engineered Wood Products.	
Delta Cedar Products.		Fraser Pacific Forest Products Inc.		Jackpine Forest Products Ltd.	
Devlin Timber Company (1992) Limited.		Fraser Pacific Lumber Company.		Jackpine Group of Companies.	
Devon Lumber Co. Ltd.		Fraser Papers Inc.		Jamestown Lumber Company Limited.	
Doman Forest Products Limited.		Fraser Pulp Chips Ltd.		Jasco Forest Products Ltd.	
		Fraserview Cedar Products Ltd.			
		Frontier Mills Inc.			
		G.D.S. Valoribois Inc.			
		Galloway Lumber Co. Ltd.			

Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)
Jeffery Hanson.		Little's Lumber Ltd.		Nexfor Inc.	
Julimar Lumber Co. Limited.		Lonestar Lumber Inc.		Nexfor Norbord.	
Kenora Forest Products Ltd.		Louisiana Pacific Corporation.		Nicholson and Cates Limited.	
Kent Trusses Ltd.		Louisiana Malakwa.		Nickel Lake Lumber.	
Kenwood Lumber Ltd.		LP Canada Ltd.		Norbord Industries Inc.	
Kispiox Forest Products.		LP Engineered Wood Products Ltd.		Norbord Juniper and Norbord's sawmills at La Sarre	
Kitwanga Lumber Co. Ltd.		Lulumco Inc.		Senneterre Quebec.	
Kruger, Inc.		Lyle Forest Products Ltd.		NorSask Forest Products Inc.	
La Crete Sawmills Ltd.		M & G Higgins Lumber Ltd.		North American Forest Products.	
Lakeburn Lumber Limited.		M. L. Wilkins & Son Ltd.		North American Forest Products Ltd (Division Belanger).	
Lamco Forest Products.		MacTara Limited.		North Atlantic Lumber Inc.	
Landmark Structural Lumber.		Maibec Industries Inc. (Industries Maibec Inc.).		North Enderby Distribution Ltd (N.E. Distribution).	
Landmark Truss & Lumber Inc.		Manitou Forest Products Ltd.		North Enderby Timber Ltd.	
Langelly Timber Company Ltd.		Maple Creek Saw Mills Inc.		North Mitchell Lumber Co. Ltd., Saran Cedar.	
Langevin Forest Products, Inc.		Marcel Lauzon Inc.		North Shore Timber Ltd.	
Lattes Waska Laths Inc.		Marine Way.		North Star Wholesale Lumber Ltd.	
Lawsons Lumber Company Ltd.		Mary's River Lumber.		Northchip Ltd.	
Lazy S Lumber.		Marwood Inc.		Northland Forest Products Ltd.	
Lecours Lumber Co. Limited.		Marwood Ltd.		Olav Haavalsrud Timber Company Limited.	
Ledwidge Lumber Co., Ltd.		Materiaux Blanchet Inc.		Olympic Industries Inc.	
Leggett & Platt (B.C.) Ltd.		Max Meilleur et Fils Ltee..		Optibois Inc.	
Leggett & Platt Inc.		McCorquindale Holdings Ltd.		P.A. Lumber & Planning Limited.	
Leggett & Platt Ltd.		McNutt Lumber Company Ltd.		Pacific Lumber Company.	
Les Bois d'Oeuvre Beaudoin & Gauthier Inc.		Mercury Manufacturing Inc.		Pacific Lumber Re-manufacturing Inc.	
Les Bois S & P Grondin Inc.		Meunier Lumber Company Ltd.		Pacific Northern Rail Contractors Corp.	
Les Chantiers Chibougamau Ltee.		MF Bernard Inc.		Pacific Specialty Wood Products Ltd. (formerly Clearwood Industries Ltd.).	
Les Produits Forestiers D. G. Ltee..		Mid America Lumber.		Pacific Wood Specialties.	
Les Produits Forestiers Dube Inc.		Mid Valley Lumber Specialties Ltd.		Pallan Timber Products Ltd.	
Les Produits Forestiers F.B.M. Inc.		Midway Lumber Mills Ltd.		Palliser Lumber Sales Ltd.	
Les Produits Forestiers Maxibois Inc.		Mill & Timber Products Ltd.		Pan West Wood Products Ltd.	
Les Produits Forestiers Miradas Inc.(Miradas Forest Products Inc.).		Millar Western Forest Products Ltd.		Paragon Ventures Ltd. (Vernon Kiln and Millwork, Ltd. and 582912 BC, Ltd.).	
Les Scieries Du Lac St-Jean Inc.		Milco Wood Products Ltd.			
Les Scieries Jocelyn Lavoie Inc.		Miramichi Lumber Products.			
Leslie Forest Products Ltd.		Mobilier Rustique (Beauce) Inc.			
Lignum Ltd.		Monterra Lumber Mills Limited.			
Lindsay Lumber Ltd.		Mountain View Specialty Reload Inc.			
Liskeard Lumber Limited.		Murray A Reeves Forestry Limited.			
		Murray Bros. Lumber Company Limited.			
		N. F. Douglas Lumber Limited.			
		Nechako Lumber Co., Ltd.			
		Newcastle Lumber Co. Inc.			
		New West Lumber.			

Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)	Producer	Weighted-Average Margin (Percentage)
Parallel Wood Products Ltd.		Sauder Moldings, Inc. (Ferndale).		Sunbury Cedar Sales Ltd.	
Pastway Planing Limited.		Sauder Industries Limited.		Suncoast Lumber & Milling.	
Pat Power Forest Products Corporation.		Schols Cedar Products.		Sundance Forest Industries.	
Patrick Lumber Company.		Scierie A&M St-Pierre Inc.		SWP Industries Inc.	
Paul Fontaine Ltee..		Scierie Adrien Arseneault Ltee.		Sylvanex Lumber Products Inc.	
Paul Vallee Inc.		Scierie Alexandre Lemay & Fils Inc.		Taiga Forest Products.	
Paul Vallee.		Scierie Chaleur.		Tall Tree Lumber Company.	
Peak Forest Products Ltd.		Scierie Dion et Fils Inc.		Tarpin Lumber Incorporated.	
Pharlap Forest Products Inc.		Scierie Gallichan Inc.		Taylor Lumber Company Ltd.	
Pheonix Forest Products Inc.		Scierie Gauthier Ltee..		Teal Cedar Products Ltd.	
Pleasant Valley Remanufacturing Ltd.		Scierie La Patrie, Inc.		Teal-Jones Group.	
Pope & Talbot, Inc.		Scierie Landrienne Inc.		Teeda Corp.	
Porcupine Wood Products Ltd.		Scierie Lapointe & Roy Ltee..		Terminal Forest Products Ltd.	
Portbec Forest Products Ltd. (Les Produits Forestiers Portbec Ltee.).		Scierie Leduc, Division of Stadacona Inc.		T.F. Specialty Sawmill.	
Portelance Lumber Capreol Ltd.		Scierie Nord-Sud Inc. (North-South Sawmill Inc.).		TFL Forest Ltd.	
Power Wood Corp.		Scierie P.S.E. Inc.		Timber Ridge Forest Products.	
Precibois Inc.		Scierie St. Elzear Inc.		TimberWorld Forest Products Inc.	
Preparabois (2003) Inc.		Scierie Tech Inc.		T'loh Forest Products Limited.	
Prime Lumber Limited.		Scieries du Lac St. Jean Inc.		Top Quality Lumber Ltd.	
Pro Lumber Inc.		Selkirk Specialty Wood Ltd.		T. P. Downey & Sons Ltd.	
Produits Forestiers P. Proulx Inc.		Sexton Lumber.		Treeline Wood Products Ltd.	
Promobois G.D.S. Inc.		Seycove Forest Products Limited.		Triad Forest Products.	
Quadra Wood Products Ltd.		Seymour Creek Cedar Products Ltd.		Twin Rivers Cedar Products Ltd.	
R. Fryer Forest Products Limited.		Shawood Lumber Inc.		Tyee Timber Products Ltd.	
Raintree Forest Products Inc.		Sigurdson Bros. Logging Company Ltd.		Uneeda Wood Products.	
Raintree Lumber Specialties Ltd.		Silvermere Forest Products Inc.		Uniforet Inc.	
Ramco Lumber Ltd.		Sinclar Enterprises Ltd.*.		Uniforet Scierie-Pate.	
Redtree Cedar Products Ltd.		South Beach Trading Inc.		Vancouver Specialty Cedar Products.	
Redwood Value Added Products Inc.		South River Planing Mills Inc.		Vanderhoof Specialty Wood Products.	
Rembos Inc.		South-East Forest Products Ltd.		Vandermeer Forest Products (Canada) Ltd.	
Rene Bernard Inc.		Spray Lake Sawmills (1980) Ltd.		Vanderwell Contractors (1971) Ltd.	
Ridgewood Forest Products Ltd.		Spruce Forest Products Ltd.		Vanport Canada, Co..	
Rielly Industrial Lumber Inc.		Spruce Products Ltd.		Vernon Kiln and Millwork, Ltd.	
Riverside Forest Products Limited.		St. Anthony Lathing Ltd.		Visscher Lumber Inc.	
Rocam Lumber Inc. (Bois Rocam Inc.).		Stag Timber.		W. C. Edwards Lumber.	
Rojac Cedar Products Inc.		Standard Building Products Ltd.		W. I. Woodtone Industries Inc.	
Rojac Enterprises Inc.		Still Creek Forest Products Ltd.		Welco Lumber Corporation.	
Roland Boulanger & Cie Ltee.		Stuart Lake Lumber Co. Ltd.		Wentworth Lumber Ltd.	
Russell White Lumber Limited.		Stuart Lake Marketing Inc.			

Producer	Weighted-Average Margin (Percentage)
Werenham Forest Products.	
West Bay Forest Products & Manufacturing Ltd.	
West Can Rail Ltd.	
West Chilcotin Forest Products Ltd.	
West Hastings Lumber Products.	
Western Cleanwood Preservers Ltd.	
Western Commercial Millwork Inc.	
Western Wood Preservers Ltd.	
Weston Forest Corp.	
West-Wood Industries.	
White Spruce Forst Products Ltd.	
Wilfrid Paquet & Fils Ltee.	
Wilkerson Forest Products Ltd.	
Williams Brothers Limited.	
Winnipeg Forest Products, Inc.	
Woodko Enterprises, Ltd.	
Woodland Forest Products Ltd.	
Woodline Forest Products Ltd.	
Woodtone Industries Inc.	
Woodwise Lumber Ltd.	
Wynndel Box & Lumber Co. Ltd.	
Zelensky Bros. Forest Products	2.44

* We note that, during the POR, Sinclair Enterprises Ltd. (Sinclar) acted as an affiliated reseller for Lakeland, an affiliate of Canfor. In this review, we reviewed the sales of Canfor and its affiliates; therefore, Canfor's weighted-average margin applies to all sales produced by any member of the Canfor Group and sold by Sinclair. As Sinclair also separately requested a review, any sales produced by another manufacturer and sold by Sinclair will receive the "Review-Specific Average" rate.

Please note that the names of the companies are listed above exactly as they will be included in instructions to CBP. Any alternate names, spellings, affiliated companies or divisions will not be considered or included in any instructions to CBP unless they are brought to the attention of the Department in a case brief. There will be no exceptions.

Disclosure

The Department will disclose calculations performed in accordance with 19 CFR 351.224(b).

Public Hearing

An interested party may request a hearing within 30 days of publication of these preliminary results. See 19 CFR 351.310(c). Any hearing, if requested, will be held 44 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 37 days after the date of publication. Parties who submit arguments are requested to submit with the argument (1) a statement of the issue, (2) a brief summary of the argument, and (3) a table of authorities. Further, the parties submitting written comments should provide the Department with an additional copy of the public version of any such comments on diskette. The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such comments, within 120 days of publication of these preliminary results.

Assessment

Upon completion of this administrative review, pursuant to 19 CFR 351.212(b), the Department will calculate an assessment rate on all appropriate entries. We will calculate importer-specific duty assessment rates on the basis of the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of the examined sales for that importer. For the companies requesting a review, but not selected for examination and calculation of individual rates, we will calculate a weighted-average assessment rate based on all importer-specific assessment rates excluding any which are *de minimis* or margins determined entirely on adverse facts available. Where the assessment rate is above *de minimis*, we will instruct CBP to assess duties on all entries of subject merchandise by that importer.

Cash Deposit Requirements

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of Certain Softwood Lumber Products From Canada entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) the cash deposit rate listed above for each specific company will be

the rate established in the final results of this review, except if a rate is less than 0.5 percent, and therefore *de minimis*, the cash deposit will be zero; (2) for the non-selected companies we will calculate a weighted-average cash deposit rate based on all the company-specific cash deposit rates, excluding *de minimis* margins or margins determined entirely on adverse facts available; (3) for previously reviewed or investigated companies not participating in this review, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (4) if the exporter is not a firm covered in this review, a prior review, or the less-than-fair-value (LTFV) 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 (5) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be 11.54, the "All Others" rate calculated in the Department's recent determination under section 129 of the Uruguay Round Agreement Act. See *Notice of Determination Under Section 129 of the Uruguay Round Agreements Act: Antidumping Measures on Certain Softwood Lumber Products from Canada*, 70 FR 22636 (May 2, 2005). These cash deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice 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 entities during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 31, 2005.

Susan H. Kuhbach,

Acting Assistant Secretary for Import Administration.

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