

0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of the order unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of the order:

- Alloy HRS products in which at least one of the chemical elements exceeds those listed above (including, e.g., American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to the order is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat

products covered by the order, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.

Intent to Rescind the Administrative Review

Pursuant to 19 CFR § 351.213(d)(3), the Department may rescind an administrative review of a particular exporter or producer if it concludes, with respect to that exporter or producer, that there were no entries, exports, or sales of the subject merchandise, as the case may be, during the POR. After receiving Essar's "no shipments" claim, the Department examined Customs and Border Protection (CBP) entry data for the POR. These data support the conclusion that there were no entries, exports, or sales of subject merchandise from Essar during the POR. *See* memorandum to the file from Kavita Mohan dated July 7, 2006. Further, on March 23, 2006, the Department requested that CBP notify it within 10 days if CBP had evidence of exports of subject merchandise from Essar during the POR. CBP has not notified the Department of such exports. *See* the memorandum to the file from Jeff Pedersen dated March 29, 2006. Therefore, in accordance with 19 CFR § 351.213(d)(3), and consistent with our practice, we have preliminarily determined to rescind this review. *See, e.g., Certain Steel Concrete Reinforcing Bars From Turkey; Final Results, Rescission of Antidumping Duty Administrative Review in Part*, and *Determination not to Revoke in Part*, 68 FR 53127 (September 9, 2003) (after finding no evidence of entries of subject merchandise from two companies that made "no shipments" claims, the Department stated that "consistent with our practice, we are rescinding our review for Diler and Ekinciler"). If, however, Essar's subject merchandise did enter the United States during the POR by way of intermediaries, and this merchandise entered under CBP's

antidumping case number for Essar, the Department will instruct CBP to liquidate such entries at the "all-others" rate in effect on the date of the entry. *See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

Public Comment

Interested parties may submit case briefs and request a hearing within 30 days after the date of publication of this preliminary notice. *See* 19 CFR § 351.309(c)(ii) and 19 CFR § 351.310(c). Rebuttal briefs, limited to issues raised in case briefs, may be filed no later than five days after the time limit for filing the case brief. *See* 19 CFR § 351.309(d). Any hearing requested will be held 44 days after the date of publication of this notice, or the first working day thereafter. 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, parties submitting written comments should provide the Department with an additional copy of the public version of any such comments on diskette. Unless the deadline for issuing the final results of review is extended, the Department will issue the final results of review, which will include the results of its analysis of issues raised in written comments, or at a hearing, within 120 days of publication of this preliminary notice.

This notice is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Tariff Act of 1930, as amended, and 19 CFR § 351.213(d).

Dated: July 7, 2006.

Stephen J. Claeys,
Deputy Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-601]

Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent To Rescind in Part

AGENCY: Import Administration, International Trade Administration, Department of Commerce
SUMMARY: The Department of Commerce ("the Department") is conducting the eighteenth administrative review of the

antidumping duty order on tapered roller bearings and parts thereof, finished or unfinished, ("TRBs") from the People's Republic of China ("PRC"), covering the period June 1, 2004, through May 31, 2005. We have preliminary determined that sales have not been made below normal value by China National Machinery Import & Export Corporation ("CMC"). If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection ("CBP") to assess to antidumping duties on entries of subject merchandise exported by CMC during the period of review ("POR"). We are also preliminarily rescinding the review with respect to four exporters because none of these respondents made shipments of subject merchandise during the POR.

Interested parties are invited to comment on these preliminary results. We intend to issue the final results no later than 120 days from the date of publication of this notice.

DATES: *Effective Date:* July 14, 2006.

FOR FURTHER INFORMATION CONTACT: Ryan Radford or Eugene Degnan, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4037 and (202) 482-0414, respectively.

Background

On June 1, 2005, the Department published a notice of opportunity to request an administrative review of the antidumping duty order on TRBs from the PRC for the period June 1, 2004, through May 31, 2005. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity to Request Administrative Review*, 70 FR 31422 (June 1, 2005). On June 30, 2005, The Yantai Timken Company ("Yantai Timken" or "Petitioner") requested that the Department conduct an administrative review of the antidumping duty order covering TRBs from the PRC for entries of subject merchandise produced and/or exported by CMC, Chin Jun Industrial Ltd. ("Chin Jun"), Peer Bearing Company—Changshan ("CPZ"), Weihai Machinery Holding (Group) Company, Ltd. ("Weihai Machinery"), and Zhejiang Machinery Import & Export Corp ("ZMC"). Additionally, on June 30, 2005, Wanxiang Group Company ("Wanxiang") requested the Department conduct an administrative review of its sales. On July 21, 2005, the Department published in the **Federal Register** a

notice of the initiation of the antidumping duty administrative review of TRBs from the PRC for the period June 1, 2004, through May 31, 2005, for CMC, Chin Jun, CPZ, Weihai Machinery, Yantai Timken, and ZMC. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 70 FR 42028 (July 21, 2005) ("Initiation Notice"). On August 29, 2005, the Department published in the **Federal Register** a notice of the initiation of the antidumping duty administrative review of TRBs from the PRC from Wanxiang for the period June 1, 2004, through May 31, 2005. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 70 FR 51009 (August 29, 2005).

On August 15, 2005, the Department issued its antidumping duty questionnaire to all of the above respondents.

On July 1, 2005, Wanxiang withdrew its request for an administrative review. On September 6, 2005, CPZ reported to the Department that it had no exports of subject merchandise during the POR and asked the Department to rescind the antidumping duty administrative review for CPZ. Also, on September 6, 2005, Chin Jun reported to the Department that it is a dormant company, has not been in business for years, and had no sales of subject merchandise during the POR. On September 12, 2005 the Petitioner withdrew its request for a review of Yantai Timken's 2004-2005 exports of subject merchandise. On October 7, the Department sent e-mail correspondence to the U.S. embassy in Beijing asking for help in locating Weihai Machinery and ZMC. *See Memorandum to the File from Laurel LaCivita dated October 7, 2005.* On October 18, 2005, the Department sent a letter to Mr. Liu Danyang, Division Chief of the People's Republic of China, Ministry of Commerce, Bureau of Fair Trade for Imports, requesting Mr. Danyang to assist the Department in locating the business addresses of Weihai Machinery and ZMC. *See Letter from Wendy Frankel to Mr. Liu Danyang dated October 18, 2005.*

On October 26, 2005, the Department published a notice of partial rescission of the antidumping duty administrative review on TRBs from the PRC rescinding this review with respect to Yantai Timken and Wanxiang. *See Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Notice of Partial Rescission of the Antidumping Duty Administrative Review*, 70 FR

61788 (October 26, 2005) ("Rescission Notice.").

On February 28, 2006, the Department published a notice in the **Federal Register** extending the time limit for the preliminary results of review until May 1, 2006. *See Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review*, 71 FR 10010 (February 28, 2006). Additionally, on April 28, 2006, the Department published a notice in the **Federal Register** further extending the time limit for the preliminary results of review until June 30, 2006. *See Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China: Extension of Time Limit for Preliminary Results of the Antidumping Duty Administrative Review*, 71 FR 25149 (April 28, 2006).

On October 18, 2005, ZMC reported that it does not exist anymore and subsequently responded on November 4, 2005, that it had no sales of subject merchandise during the POR. On June 15, 2006, the Department sent a letter to Mu. Huang Shan, an attorney in Shanghai, China, who assisted the Department in the previous review to help locate Weihai Machinery and to obtain its response. *See Letter from Wendy Frankel to Mr. Huang Shan dated June 15, 2006.* In our June 15 letter, we again requested that Mr. Shan assist us in contacting Weihai Machinery. On June 19, 2006, Mr. Shan responded that he was unable to contact Weihai Machinery with the contact information that he had on file. Mr. Shan also stated that last year he was told, but could not confirm, that Weihai Machinery was in the process of liquidating. *See Memorandum to the File from Ryan Radford, Correspondence with Huang Shan regarding bankruptcy situation of Weihai Machinery, dated June 19, 2006.*

On June 19, 2006, we again asked our U.S. Embassy in Beijing for assistance in contacting Weihai Machinery. On June 19, 2006, the Embassy responded that the recipient of the questionnaire sent by the Department of Weihai Machinery stated upon inquiry that Weihai Machinery was no longer in business. Additionally, on June 23, 2006, the Embassy informed us that a completely different business was not at the address and telephone number that the Department has on file for Weihai Machinery.

CMC

CMC submitted its Section A questionnaire response on September 13, 2005, and its Sections C and D response on September 30, 2005. The Department issued a Section A supplemental questionnaire to CMC on January 12, 2006, to which CMC responded on February 10, 2006. The Department issued a Sections C and D supplemental questionnaire to CMC on January 23, 2006. CMC provided its response on February 21, 2006. We issued a second supplemental questionnaire for Sections A, C, and D on March 15, 2006, and a third supplemental questionnaire for Sections A, C, and D on March 21, 2006. CMC responded to both of these questionnaires on March 31, 2006. On April 7, 2006, the Department issued its fourth supplemental questionnaire. CMC provided its fourth supplemental questionnaire response on April 12, 2006.

Notice of Intent To Rescind in Part

Pursuant to 19 CFR 351.213(d)(3), the Department may rescind an administrative review, in whole or in part, with respect to a particular exporter or producer, if the Secretary concludes that, during the period covered by the review, there were no entries, exports, or sales of the subject merchandise. The Department explains this practice in the preamble to the Department's regulations.

See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27317 (May 19, 1997) ("Preamble"); see also *Stainless Steel Plate in Coils From Taiwan: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review*, 67 FR 5789, 5790 (February 7, 2002), and *Stainless Steel Plate in Coils from Taiwan: Final Rescission of Antidumping Duty Administrative Review*, 66 FR 18610 (April 10, 2001). To confirm CPZ's Chin Jun's, and ZMC's respective claims that each had no U.S. sales of subject merchandise nor shipments of subject merchandise to the United States during the POR, the Department conducted a customs inquiry. See Memorandum to the File from Laurel LaCivita, *Tapered Roller Bearings and parts Thereof, from the People's Republic of China, No Shipment Inquiry for Chin Jun Industrial Ltd., and peer Bearing Company—Changshan*, dated November 4, 2005, and see Memorandum to the File from Ryan Radford, *Tapered Roller Bearings and Parts Thereof, from the People's Republic of China, No Shipment Inquiry for Zhijiang Machinery Import & Export*

Corporation, dated June 29, 2006. We have received no evidence that Chin Jun, CPZ, or ZMC had any shipments to the United States of subject merchandise during the POR. Therefore, pursuant to 19 CFR 351.213(d)(3), the Department intends to rescind this review as to Chin Jun, CPZ, and ZMC. Additionally, the customs inquiry provided no evidence that Weihai Machinery had any shipments of subject merchandise during the POR. Therefore, because information on the record indicates that Weihai Machinery had no shipments and may be out of business, the Department also preliminarily rescinds this review with respect to Weihai Machinery, but will continue to pursue this issue for the final results. The Department may take additional steps to confirm that these companies had no sales, shipments or entries of subject merchandise to the United States during the POR.

Therefore, for this administrative review, the Department will review only those sales of subject merchandise made by CMC.

Period of Review

The POR is June 1, 2004, through May 31, 2005.

Scope of the Order

Merchandise covered by this antidumping order includes TRBs and parts thereof, finished and unfinished, from the PRC; flange, take up cartridge, and hangar units incorporating tapered roller bearings, and tapered roller housings (except pillow blocks) incorporating tapered rollers, with or without spindles, whether or not for automotive use. This merchandise is currently classifiable under the Harmonized Tariff Schedule of the United States ("HTSUS") item numbers 8482.20.00, 8482.91.00.50, 8482.99.30, 8483.20.40, 8483.20.80, 8483.30.80, 8483.90.20, 8483.90.30, 8483.90.80, 8708.99.80.15, and 8708.99.80.80. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

Verification of Responses

As provided in section 782(i) of the Tariff Act of 1930, as amended ("the Act"), we verified information provided by CMC. We used standard verification procedures of constructed export price ("CEP") and export price ("EP") sales, including on-site inspection of the manufacturers' and exporters' facilities, and examination of relevant sales and financial records.

The Department conducted a CEP sales verification at the facilities of

CMC's subsidiary, YCB International Inc., in Bolingbrook, IL, from April 18, 2006, through April 21, 2006. See *Verification of the Constructed Export Sales Reported by CMC in the Antidumping Duty Administrative Review of Tapered Roller Bearings and Parts Thereof, from the People's Republic of China*, dated June 30, 2006 ("CMC CEP Verification Report"). The Department conducted the sales and factors of production ("FOP") verification at CMC's facilities in Yantai, Shandong Province, from May 22, 2006, through May 26, 2006. Our verification results are outlined in the verification report for CMC. For further details, see *Verification of Sales and Factors of Production Reported by CMC in the Antidumping Duty Administrative Review of Tapered Roller Bearings and Parts Thereof, from the People's Republic of China*, dated June 30, 2006 ("CMC Verification Report").

Surrogate Value Information

On November 2, 2005, the Department requested interested parties to submit comments on surrogate values. On December 7, 2005, we received surrogate value information from Petitioner. No other party responded to our request for information.

Nonmarket-Economy Country Status

In every case conducted by the Department involving the PRC, the PRC has been treated as a non-market economy ("NME") country. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent to Rescind in Part*, 70 FR 39744 (July 11, 2005). No party to this proceeding has contested such treatment. Accordingly, we calculated normal value ("NV") in accordance with section 773(c) of the Act, which applies to NME countries.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV on the NME producer's FOPs, valued in a surrogate market-economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more market-economy

countries that are: (1) At a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. The sources of the surrogate factor values are discussed under the “Normal Value” section below and in the memorandum to the file from Ryan Radford, Case Analyst, through Wendy Frankel and Robert Bolling, *Preliminary Results of Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China; Factors of Production Valuation Memorandum for the Preliminary Results of Review*, dated June 30, 2006 (“Factor Valuation Memorandum”).

The Department has determined that India, Indonesia, Sri Lanka, the Philippines, and Egypt are countries comparable to the PRC in terms of economic development. See Memorandum from Ron Lorentzen to Wendy Frankel; *Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, (“TRBs”), from the People’s Republic of China (PRC): Request for a List of Surrogate Countries (“Policy Memo”)*, dated October 11, 2005. Customarily, we select an appropriate surrogate country identified in the *Policy Memo* based on the availability and reliability of data from the countries that are significant producers of comparable merchandise.

On November 16, 2005, Petitioner submitted comments on the surrogate country selection. Petitioner stated that India is the appropriate surrogate country because India is at a comparable economic level and is a significant producer of subject merchandise. No other party to the proceeding submitted comments or information concerning the selection of a surrogate country.

On February 17, 2006, the Department issued its surrogate country memorandum in which we addressed Petitioner’s comments. See Memorandum to the File titled, “*Antidumping Duty Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China; Selection of a Surrogate Country*,” dated February 17, 2006 (“*Surrogate Country Memorandum*”). Thus, a Department has evaluated Petitioner’s concerns and comments and has determined India is the appropriate surrogate country. See *Surrogate Country Memorandum*.

The Department used India as the primary surrogate country, and, accordingly, has calculated NY using Indian prices to value the PRC producers’ FOPs, when available and appropriate. See *Surrogate Country Memorandum* and *Factor Valuation*

Memorandum. We have obtained and relied upon publicly available information wherever possible.

In accordance with 19 CFR 351.301(c)(3)(ii), for the final results in an antidumping administrative review, interested parties may submit publicly available information to value FOPs within 20 days after the date of publication of the preliminary results or review.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to administrative review in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.

We have considered whether CMC is eligible for a separate rate. The Department’s separate-rate test to determine whether the exporters are independent from government control does not consider, in general, macroeconomic/border-type controls, e.g., export licenses, quotas, and minimum export prices, particularly if these controls are imposed to prevent dumping. The test focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People’s Republic of China: Final Results of Antidumping Administrative Review*, 62 FR 61276, 61279 (November 17, 1997).

To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991) (“*Sparklers*”) at Comment 1, as modified by *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585, 22586–87 (May 2, 1994). Under the separate-rates criteria, the Department assigns separate rates in NME cases only if the respondent can demonstrate the absence of both *de jure* and *de facto* government control over export activities. See *Silicon Carbide and Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from*

the People’s Republic of China, 60 FR 22544 (May 8, 1995).

A. Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter’s business and export licenses; (2) any legislative enactments decentralizing control of companies; or (3) any other formal measures by the government decentralizing control of companies. See *Sparklers* at Comment 1 (May, 1991).

B. Absence of De Facto Control

As stated in previous cases, there is some evidence that certain enactments of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. See *Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from the People’s Republic of China*, 63 FR 72255, 72257 (December 31, 1998). Therefore, the Department has preliminarily determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates. The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) Whether the exporter sets its own export prices independent of the government and without the approval of a government authority; (2) whether the respondent has authority to negotiate and sign contracts, and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of its management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. See *Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People’s Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

CMC placed on the record statements and documents to demonstrate the absence of *de jure* control. In its questionnaire responses, CMC reported that it is not administratively subject to any national, provincial or local government agencies. See CMC’s September 13, 2005, Section A response (“CMC AQR”) at 4. CMC submitted a copy of its business license issued by the State Administration of Industry and

Commerce. See CMC AQR at 4 and Exhibit 3. CMC reported that the subject merchandise did not appear on any government list regarding export provisions or export licensing in effect during the POR. CMC reported that its business license provides for a broad range of business activities and does not constrain or limit its activities with respect to the sale of the subject merchandise. Furthermore, CMC stated that The China Chamber of Commerce of Machinery and Electronic Exporters does not coordinate or interfere with CMC's export activities. CMC submitted a copy of the Foreign Trade Law of the PRC and excerpts from the "PRC Regulations for Transformation of Operational Mechanism of State-Owned Industrial Enterprises (1992)," to demonstrate that there is no centralized control over its export activities. See CMC AQR at 5 and Exhibit 4. Through questionnaire responses and at verification, we examined each of the related laws and CMC's business license and preliminarily determined that they demonstrate the absence of *de jure* control over the export activities and evidence in favor of the absence of government control associated with CMC's business license.

In support of an absence of *de facto* control, CMC reported the following: (1) CMC sets the prices of the subject merchandise exported to the United States by direct arm's-length negotiations with its customers, and the prices are not subject to review by or guidance from any government organization; (2) CMC's sales transactions are not subject to the review or approval of any organization outside the company; (3) CMC is not required to notify any government authorities of its management selection; and (4) CMC is free to spend its export revenues and its profit can be used for any lawful purpose. See CMC AQR at pages 7–8.

The evidence placed on the record of this administrative review by CMC demonstrates an absence of government control, both in law and in fact, with respect of CMC's exports of the merchandise under review. As a result, for the purposes of these preliminary results, the Department is granting a separate, company-specific rate to CMC, the exporter which shipped the subject merchandise to the United States during the POR.

Date of Sale

19 CFR 351.401(i) states that "in identifying the date of sale of the subject merchandise or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or

producer's records kept in the normal course of business. However, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale." 19 CFR 351.401 (i); See also *Allied Tube and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090–1093 (CIT 2001).

After examining the questionnaire responses and the sales documentation that CMC placed on the record, we preliminarily determine that invoice date is the most appropriate date of sale for CMC. We made this determination based on record evidence which demonstrates that CMC's invoices establish the material terms of sale to the extent required by our regulations. Thus, the record evidence does not rebut the presumption that invoice date is the proper date of sale. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Saccharin From the People's Republic of China*, 67 FR 79049, 79054 (December 27, 2002), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Saccharin From the People's Republic of China*, 68 FR 27530 (May 20, 2003).

Normal Value Comparisons

To determine whether sales of TRBs to the United States by CMC were made at less than NV, we compared EP or CEP to NV, as described in the "Export Price," "Constructed Export Price," and "Normal Value" sections of this notice.

Export Price

In accordance with section 772(a) of the Act, EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under section 772(c) of the Act. In accordance with section 772(a) of the Act, we used EP for CMC's U.S. sales where the subject merchandise was sold directly to the unaffiliated customers in the United States prior to importation and because CEP was not otherwise indicated.

Constructed Export Price

In accordance with section 772(b) of the Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a

seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under section 772(c) and (d). In accordance with section 772(b) of the Act, we used CEP for CMC's sales where CMC sold subject merchandise to its affiliated company in the United States, which in turn sold subject merchandise to unaffiliated company in the United States, which in turn sold subject merchandise to unaffiliated U.S. customers.

We compared NV to individual EP and CEP transactions, in accordance with section 777A(d)(2) of the Act.

We calculated EP for CMC based on delivered prices to unaffiliated purchasers in the United States. We made deductions from the U.S. sale price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included foreign inland freight from the plant to the port of exportation and, where applicable, ocean freight and marine insurance. No other adjustments to EP were reported or claimed.

We calculated CEP for CMC based on delivered prices unaffiliated purchasers in the United States. We made deductions from the U.S. sale price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included foreign inland freight from the plant to the port of exportation, ocean freight, marine insurance, U.S. customs duty, where applicable, U.S. inland freight from port to the warehouse, and U.S. inland freight from the warehouse to the customer. In accordance with section 772(d)(1) of the Act, the Department deducted credit expenses, inventory carrying costs and indirect selling expenses from the U.S. price, all of which relate to commercial activity in the United States. In accordance with section 773(a) of the Act, we calculated CMC's credit expenses and inventory carrying costs based on the Federal Reserve prime short-term rate. Finally, we deducted CEP profit, in accordance with sections 772(d)(3) and 772(f) of the Act. See *CMC Preliminary Results of Administrative Review: Program Analysis Memorandum* ("Program Analysis Memo"), dated June 30, 2006.

At verification, we found CMC did not provide any of its U.S. brokerage and handling expenses. See *CMC CEP Verification Report*. Thus, for the preliminary results, we calculated brokerage and handling expenses based on CMC's financial statements. See *Program Analysis Memo*. Additionally, at verification, CMC reported that it incorrectly reported certain payment dates. See *CMC CEP Verification Report*. For the preliminary results, we have

corrected these payment dates and recalculated credit expenses for the relevant sales. *See Program Analysis Memo.*

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculate of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department will base NV on FOPs because the presence of government control on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies.

FOPs include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. We used the FOPs reported by respondents for materials, energy, labor, by-products, and packing.

In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to value FOPs, but when a producer sources an input from a market economy and pays for it in market-economy currency, the Department may value the factor using the actual price paid for the input. *See* 19 CFR 351.408(c)(1); *See also Lasko Metal Products v. United States*, 43 F.3d 1442, 1445–1446 (Fed. Cir. 1994). CMC reported that a significant portion of one of its raw material inputs was sourced from a market-economy country and paid for in market-economy currencies. *See* CMC's September 30, 2005, Section D response at page D–4 and D–7. *See Factor Valuation Memorandum* for identification of this raw material input. Pursuant to 19 CFR 351.408(c)(1), we used the actual price paid by CMC for this input purchased from a market-economy supplier and paid for in a market-economy currency, except when prices may be distorted by subsidies. *See* discussion below under *Factor Valuations*.

With regard to both the Indian import-based surrogate values and the market-economy input values, we have disregarded prices that we have reason to believe or suspect may be subsidized. We have to believe or suspect that prices of inputs from India, Indonesia, South Korea, and Thailand may be subsidized. We have found in other proceedings that these countries maintain broadly available, non-

industry-specific export subsidies and, therefore, it is reasonable to infer that all exports to all markets form these countries may be subsidized. *See Certain Helical Spring Lock Washers from the People's Republic of China; Final Results of Administrative Review*, 61 FR 66255 (December 17, 1996), at Comment 1; and, *China National Machinery Import & Export Corporation v. United States*, 293 F. Supp. 2d 1334 (CIT 2003), as affirmed by the Federal Circuit, 104 Fed. Appx. 183 (Fed. Cir. 2004). We are also guided by the legislative history not to conduct a formal investigation to ensure that such prices are not subsidized. *See* H.R. Rep. 100–576 at 590 (1988). Rather, the Department was instructed by Congress to base its decision on information that is available to it at the time it is making its determination. Therefore, we have not used prices from these countries either in calculating the Indian import-based surrogate values or in calculating market-economy input values. In instances where a market-economy input was obtained solely from suppliers located in these countries, we used Indian import-based surrogate values to value the input.

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on FOPs reported by CMC for the POR. to calculate NC, the reported per-unit factor quantities were multiplied by publicly available Indian surrogate values (except as noted below). In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. Specifically, we added to Indian import surrogate values a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where appropriate (*i.e.*, where the sales terms for the market-economy inputs were not delivered to the factory). This adjustment is in accordance with the decision of the Federal Circuit in *Sigma Corp. v. United States*, 117 F. 3d 1401 (Fed. Cir. 1997). For a detailed description of all surrogate values used for respondents, *See Factor Valuation Memorandum*.

Except as noted below, we valued raw material inputs using the weighted-average unit import values derived from the World Trade Atlas® online (“Indian Import Statistics”), which were published by the Directorate General of Commercial Intelligence and Statistics (“DGCI&S”), Ministry of Commerce of

India, which were reported in rupees and are contemporaneous with the POR. *See Factor Valuation Memorandum*. Where we could not obtain publicly valuable information contemporaneous with the POR with which to value factors, we adjusted the surrogate values using the Indian Wholesale Price Index (“WPI”) as published in the *International Financial Statistics* of the International Monetary Fund.

To value electricity, we used values from the International Energy Agency (“IEA”) to calculate a surrogate value in India. The Department was unable to find a more contemporaneous surrogate value than the 2000 value reported by the IEA. Therefore we inflated the IEA 2000 Indian price for electricity to the POR.

For direct labor, indirect labor, selling general and administrative expenses (“SG&A”) labor, crate building labor and packing labor, consistent with 19 CFR 351.408(c)(3), we used the PRC regression-based wage rate as reported on Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in November 2005, <http://ia.ita.doc.gov/wages>. The source of these wage rate data on the Import Administration's Web site is the Yearbook of Labour Statistics 2003, ILO, (Geneva: 2003), Chapter 5B: Wages in Manufacturing. The years of the reported wage rates range from 1996 to 2003. Because this regression-based wage rate does not separate the labor rates into different skill levels or types of labor we have applied the same wage rate to all skill levels and types of labor reported by CMC.

We used Indian transports information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from www.infreight.com. This source provides daily rates from six major points of origin to five destinations in India during the POR. The Department obtained a price quote on the first day of each month of the POR from each point or origin to each destination and averaged the data accordingly. *See Factor Valuation Memorandum*. Additionally, at verification, we found that CMC did not report the total round-trip distance from its main factory to other factories for the transportation of certain raw materials and certain semi-finished components. Thus, for the preliminary results, we have included these transportation costs into our calculation for surrogate values for certain raw materials. *See Program Analysis Memo*.

Top value factory overhead, depreciation, SG&A, interest expenses and profit, we used the 2004 audited financial statements for two Indian producers of TRBs, SKF Bearings India Ltd., and Timken India Limited. *See Factor Valuation Memorandum* for a full discussion of the calculation of these ratios from the Indian companies' financial statements.

In order to demonstrate that prices paid to market-economy sellers for some portion of a given input are representative of prices paid overall for that input, the amounts purchased from the market-economy supplier must be meaningful. *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997). Where the quantity of the input purchased from market-economy suppliers is insignificant, the Department will not rely on the price paid by an NME producer to a market-economy supplier because it cannot have confidence that a company could fulfill all its needs at that price. CMC's reported information demonstrates that the quantity of steel purchased from market-economy suppliers and used to produce cups and cones is significant. *See* CMC's September 30, 2005, Section D response at page D-7. Therefore, we used the actual price that CMC paid for the steel used to produce cups and cones in our calculations.

CMC reported that it sourced the steel that it used to produce cages within the PRC. Therefore, we used Indian Import Statistics to value this input. CMC reported that it recovered steel scrap from the production of cups, cones, rollers and cages for resale. We offset CMC's normal value by the amount of scrap that CMC reported that sold. *See Factor Valuation Memorandum* for a complete discussion of scrap valuation.

Finally, we used POR Indian Import Statistics to value material inputs for packing which, for CMC, are plastic film, plastic bags, plastic sleeves, large plastic bags, cardboard box, paper pallets, plastics strip, adhesive tape, and steel strips. *See Factor Valuation Memorandum*.

Currency Conversion

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

Preliminary Results of Review

We preliminarily determine that the following weighted-average dumping margins exist for the period June 1, 2004, through May 31, 2005:

TRBS FROM THE PRC

Producer/exporter	Weighted-average margin (percent)
CMC	0.00

Disclosure

The Department will disclose calculations performed for these preliminary results to the parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Any 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 37 days after the date of publication of this notice. *See* 19 CFR 351.310(d). Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. *See* 19 CFR 351.309(c)(ii). Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 35 days after the date of publication. *See* 19 CFR 351.309(d). The Department requests that parties submitting written comments also provide the Department with an additional copy of those 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, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries. The Department will issue appropriate assessment instructions directly to CBP upon completion of this review. If these preliminary results are adopted in our final results of review, we will direct CBP to assess the resulting rate against the entered customs value for the subject merchandise on each importer's/customer's entries during the POR, except where the importer or customer's rate is zero or *de minimis* no duties will be assessed. Additionally, the Department will instruct CBP to assess antidumping duties for these rescinded companies (*i.e.*, ZMC, CPZ, Weihai Machinery, and Chin Jun) at rates equal to the cash deposit of estimated antidumping duties required at the time of entry, or withdrawal from warehouse, for consumption, in accordance with 19 CFR 351.212(c)(1)(i).

Cash-Deposit Requirements

The following cash-deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) For CMC, the cash deposit rate will be that established in the final results of these reviews, except if the rate is zero or *de minimis* no cash deposit will be required; (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (3) for all PRC exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 60.95 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporters that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

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

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(2)(B) and 777(i)(1) of the Act, and 19 CFR 351.221(b).

Dated: June 30, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

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