of Commerce, Room 1870, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and, (3) to the extent practicable, an identification of the arguments to be raised at the hearing. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs.

This administrative review is issued and published in accordance with section 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677f(i)(1)).

Dated: June 2, 2004.

John J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–13072 Filed 6–10–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–122–838]

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

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

ACTION: Notice of preliminary results of antidumping duty administrative review.

EFFECTIVE DATE: June 14, 2004.

FOR FURTHER INFORMATION CONTACT: Constance Handley or James Kemp, Office 5, AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0631 or (202) 482–5346, respectively.

SUMMARY: The Department of Commerce is conducting an administrative review of the antidumping duty order on Certain Softwood Lumber Products from Canada for the period May 22, 2002, to April 30, 2003 (the POR). We preliminarily determine that sales of subject merchandise by Abitibi-Consolidated Company of Canada (Abitibi), Buchanan Lumber Sales Inc. (Buchanan), Canfor Corporation (Canfor), Slocan Forest Products Ltd. (Slocan), Tembec Inc. (Tembec), Tolko Industries Ltd. (Tolko), West Fraser Mills Ltd. (West Fraser), and Weyerhaeuser Company (Weyerhaeuser), have been made below normal value (NV). 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 (EP) and constructed export price (CEP), and the NV. Interested parties are invited to comment on these preliminary results.

SUPPLEMENTARY INFORMATION:

Background

On May 1, 2003, the Department of Commerce (the Department) published a notice of opportunity to request the first administrative review of this order. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review,* 68 FR 23281 (May 1, 2003). On May 30, 2003, in accordance with 19 CFR 351.213(b), the petitioner [1] requested a review of producers/exporters of certain softwood lumber products. Also, between May 7, and June 2, 2003, Canadian producers requested a review on their own behalf or had a review of their company requested by a U.S. importer.

On July 1, 2003, the Department published a notice of initiation of administrative review of the antidumping duty order on certain softwood lumber products from Canada, covering the period May 22, 2002, through April 30, 2003. *See Notice of Initiation of Antidumping Duty Administrative Review,* 68 FR 39059 (July 1, 2003).

The Department received requests for review from more than 400 companies. Accordingly, on July 9, 2003, in advance of issuing antidumping questionnaires, the Department issued a letter to the largest 25 producers of softwood lumber from Canada, as identified in a survey of Canada's top 30 softwood lumber producers by volume in 2002.[2] This letter requested export and production volume information from each company, including all affiliates. Companies were required to submit their responses to the Department by July 16, 2003. 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 1, 2003, the Department selected as mandatory respondents the eight largest exporters/producers of subject merchandise during the POR: Abitibi, Buchanan, Canfor, Slocan, Tembec, Tolko, West Fraser, and Weyerhaeuser. *See* Memorandum from Keith Nickerson and Amber Musser, International Trade Compliance Analysts, to Holly Kuga, Acting Deputy Assistant Secretary, regarding Selection of Respondents (August 1, 2003). *See also Selection of Respondents* section below.

On this same date, August 1, 2003, the Department issued Section A of the antidumping duty questionnaire to the selected respondents. Sections B and C of the questionnaire were issued on September 5, 2003;[3] Sections D and E were issued on September 22, 2003.[4] Subsequently, the respondents submitted their initial responses to the antidumping questionnaire from September through December of 2003. After analyzing these responses, we issued supplemental questionnaires to the respondents to clarify or correct the

[1] The petitioner in this case is the Coalition for Fair Lumber Imports Executive Committee. We note that during the review, submissions have been made interchangeably by the petitioner itself and by the Coalition for Fair Lumber Imports, a domestic interested party. For ease of reference, we will use the term ''petitioner'' to refer to submissions by either, although we recognize that the Coalition for Fair Lumber Imports is not the actual petitioner.

[2] *See* Canada's Top 30 Softwood Lumber Producers: 2002'', a survey by R.E. Taylor & Associates of Canada. The information in this survey was summarized in Appendix 1 to the Memorandum from Keith Nickerson and Amber Musser, International Trade Compliance Analysts, to Holly Kuga, Acting Deputy Assistant Secretary, regarding Selection of Respondents (August 1, 2003). The largest 25 producers on this survey included one company which was not included in the initiation notice in this administrative review. Therefore, the letters requesting export information were sent to only 24 companies.

[3] We note that we limited the reporting requirements in this review to sales of dimension lumber of all species, (including sales of finger-jointed dimension lumber) and sales of all decking products. We also excluded sales of treated lumber. *See* Memorandum from Amber Musser, International Trade Compliance Analyst, to Gary Taverman, Director, regarding Reporting Requirements for Sections B and C of the Questionnaire (September 5, 2003).

[4] Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under review that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home-market sales, or, if the home-market is not viable, of sales in the most appropriate third-country market. Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production of the foreign like product and the constructed value of the merchandise under review. Section E requests information on the cost of further manufacture or assembly performed in the United States.

initial questionnaire responses. We received timely responses to these questionnaires.

Due to the unexpected emergency closure of the main Commerce building on Tuesday, June 1, 2004, the Department has tolled the deadline for these preliminary results by one day to June 2, 2004.

Postponement of Final Results

Section 351.213(h)(1) of the regulations requires the Department to issue the final results of an administrative review within 120 days after the date on which notice of the preliminary results is published in the **Federal Register**. However, if the Department determines that it is not practicable to complete the review within the aforementioned specified time limit, section 351.213(h)(2) allows the Department to extend the 120-day period to 180 days.

Pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended, and section 351.213(h)(2) of the regulations, the Department has determined that it is not practicable to complete the final results of this administrative review within 120 days from the date of publication of these preliminary results. The Department must address complex issues unique to this first administrative review of the antidumping duty order on lumber from Canada. The complicating factors include the use of value-based cost allocations and the treatment of sales made on a random-lengths basis.[5] Therefore, the Department is extending the deadline for completion of the final results of the administrative review of the antidumping duty order on certain softwood lumber products from Canada by 60 days. The final results of the review will now be due no later than 180 days from the date of publication of these preliminary results.

Scope of the Review

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;

(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;
- Garage doors;
- 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 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 ¾ 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,*[6] 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;

[5] 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.

[6] 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 as well as instructing importers to retain and make available for inspection specific documentation in support of each entry.

(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.[7] 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 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 producers/exporters 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.

After consideration of the complexities expected to arise in this proceeding (including the various companies' operations relating to a wide range of products, sales processes, locations, and cost factors; and the number of outstanding issues that remain unresolved from the investigation such as possible product matching issues and the calculation of value-based cost), 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* Memorandum from Keith Nickerson and Amber Musser, International Trade Compliance Analysts, to Holly Kuga, Acting Deputy Assistant Secretary, regarding Selection of Respondents (August 1, 2003). Following the issuance of this Memorandum, we received written requests from five companies to be included as voluntary respondents in this review.[8] On August 20, 2003, the Department notified each of the companies requesting voluntary respondent status that the Department would not be able to review voluntary respondents unless one of the mandatory respondents failed to answer the antidumping questionnaire or additional resources became available.

The Department received timely responses to the antidumping questionnaire from three of the companies requesting to be included as voluntary respondents: Lignum Ltd., J.D. Irving, Limited, and Weldwood of Canada Limited. On December 8, 2003, the Department issued a letter to each of these companies stating that, as indicated in the August 20, 2003, letters, because none of the mandatory respondents failed to respond, the Department would not be able to examine any voluntary respondents.

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 Department concludes that there is a significant potential for the manipulation of price or production.[9] 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.[10] These factors are illustrative, and not exhaustive.

In this review, we determined that Canfor was to be collapsed with affiliate Skeena Cellulose (Skeena) on the date its agreement with Skeena went into effect. *See* Memorandum from Amber Musser, International Trade Compliance Analyst, to Holly Kuga, Acting Deputy Assistant Secretary, regarding Collapsing of Respondent Canfor Corporation with Skeena Cellulose (December 30, 2003). In addition, respondents reported the sales of certain affiliated companies. Specifically, in its questionnaire response, Abitibi reported the sales of subject merchandise produced by its affiliates Produits

[7] *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.

[8] In this proceeding, we received five written requests to be accepted as a voluntary respondent as listed in chronological order: Lignum Ltd. (May 30, 2003, this request was contained in its request for administrative review; it reiterated this request on July 16, 2003, and August 1, 2003), Weldwood of Canada Limited (July 30, 2003), J.D. Irving, Limited (August 6, 2003), Welco Lumber Corporation (August 6, 2003), and Dunkley Lumber (August 11, 2003).

[9] *See* 19 CFR 351.401(f)(1).

[10] *See* 19 CFR 351.401(f)(2).

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., McKenzie Forest Products Inc., and Solid Wood Products Inc. Canfor reported the sales of its affiliates Lakeland Mills Ltd. and The Pas Lumber Company Ltd. Tembec reported the sales of its affiliates Les Industries Davidson, Inc., Marks Lumber Ltd., Temrex Limited Partnership, and Excel Forest Products in its questionnaire response. Tolko reported the sales of its affiliates Gilbert Smith Forest Products Ltd. and Pinnacle Wood Products Ltd. West Fraser reported the sales of its affiliates West Fraser Forest Products Inc. (WFFP) and Seehta Forest Products Ltd. in its questionnaire response. Weyerhaeuser reported the sales of its affiliate Weyerhaeuser Saskatchewan Ltd. in its questionnaire response. Upon review of the questionnaire responses, we determined that these affiliates were properly collapsed with the respective respondent companies for the purposes of this review.

The Department also 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. *See* Memorandum from Keith Nickerson and Amber Musser, International Trade Compliance Analysts, to Gary Taverman, Director, regarding Individual Reporting Exemption Requests of Certain Respondent Companies (October 7, 2003).

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-length (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 EP, CEP, and 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 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.

For all companies except 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 sold 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 West Fraser, we used the reported length-specific prices from its sales system. For further discussion of this issue, *see* Memorandum from Constance Handley, Program Manager, to Jeffrey May, Deputy Assistant Secretary, regarding Treatment of Sales Made on a Random-Lengths Basis for Determining Export Price, Constructed Export Price and Normal Value (June 2, 2004).

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, in this order of priority. 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, both West Fraser and Weyerhaeuser made sales to the United States through U.S. subsidiaries.

On September 9, 2003, the Department published a request for public comments on the appropriateness of deducting section 201 duties and countervailing duties (CVD) from export price and constructed export price in antidumping duty margin calculations (68 FR 53104). Because this issue is relevant to this review, on February 10, 2004, the petitioner requested that the Department collect information from the respondents regarding the CVD deposits made by the individual companies during the POR. We did so on February 19, 2004. Each of the companies responded to this request on February 26, 2004. As the Department is currently analyzing the comments received on this subject in response to its published request for public comments, no adjustment has been made to EP or CEP for the purpose of these preliminary results.

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 sales were based on the packed, delivered, ex-mill, 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 internal 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. In addition, we made adjustments to the starting price based upon our findings at verification. 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Amber Musser and Vicki Schepker regarding Abitibi's Analysis for the Preliminary Results (June 2, 2004) (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 of 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 sales 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, freight to the U.S. customer, 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Erin Begnal and Marin Weaver regarding Buchanan's Analysis for the Preliminary Results (June 2, 2004) (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 sales 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 (CUSA) 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 U.S. 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 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. 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Vicki Schepker and Amber Musser regarding Canfor's Analysis for the Preliminary Results (June 2, 2004) (Canfor's Preliminary Calculation Memorandum).

(D) *Slocan*

Slocan made both EP and CEP transactions. We calculated an EP for sales where the merchandise was sold directly by Slocan 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 Slocan to the U.S. customer through VMI or reload centers after importation into the United States. EP and CEP sales 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 domestic freight incurred in transporting merchandise to reload centers and to VMI customers, as well as freight to the U.S. customer, warehousing, U.S. brokerage and handling. 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, packing costs, commissions) and inventory carrying costs. Slocan 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Monica Gallardo and Martin Claessens regarding Slocan's Analysis for the Preliminary Results (June 2, 2004) (Slocan's Preliminary Calculation Memorandum).

(E) *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 sales 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 inland 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Christopher Welty and David Layton regarding Tembec's Analysis for the Preliminary Results (June 2, 2004) (Tembec's Preliminary Calculation Memorandum).

(F) *Tolko*

Tolko made both EP and CEP transactions. We calculated an 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 a 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 sales 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 commissions) 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from Keith Nickerson and James Kemp regarding Tolko's Analysis for the Preliminary Results (June 2, 2004) (Tolko's Preliminary Calculation Memorandum).

(G) *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 sales 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 internal freight incurred in transporting merchandise to reload centers and to VMI customers, freight to the U.S. customer, warehousing, U.S. and Canadian brokerage, and inland insurance. 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. Finally, we made additional corrections to the U.S.

sales data based upon our findings at verification. *See* Memorandum from Salim Bhabhrawala and Keith Nickerson regarding West Fraser's Analysis for the Preliminary Results (June 2, 2004) (West Fraser's Preliminary Calculation Memorandum).

(H) *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 sales 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. Finally, we made additional corrections to the U.S. sales data based upon our findings at verification. *See* Memorandum from James Kemp and Salim Bhabhrawala regarding Weyerhaeuser's Analysis for the Preliminary Results (June 2, 2004) (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 statute 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 Less Than Fair Value (LTFV) Investigation that six of the respondents made sales in the home market at prices below the cost of producing the subject 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 these respondents. *See* section 773(b)(2)(A)(ii) of the Act. As a result, the Department has initiated a COP inquiry for these six respondents.

For Buchanan and Tolko, petitioner filed sales below cost allegations on December 22, 2003. Based on these allegations and in accordance with section 773(b)(2)(A)(i) of the Act, we found reasonable grounds to believe or suspect that Buchanan and Tolko made softwood lumber sales in Canada at prices below the COP in this administrative review. *See* Memorandum from Keith Nickerson and Erin Begnal, International Trade Compliance Analysts, to Gary Taverman, Director, regarding Allegation of Sales Below Cost of Production for Buchanan and Tolko (January 12, 2004). As a result, the Department has initiated a COP inquiry to determine whether Buchanan and Tolko made home-market sales at prices below their respective COPs during the POR within the meaning of section 773(b) of the Act.

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 a letter dated August 1, 2003, we solicited comments on certain threshold sales and cost questions from the parties. In response, the parties submitted their comments and rebuttals on August 8, 2003, and August 20, 2003, respectively. The threshold cost questions were primarily concerned with issues surrounding the use of a value-based cost allocation for lumber products in the context of an antidumping duty analysis. After considering the comments from all parties, we preliminarily decided on a method to follow for our section D questionnaire, issued on September 22, 2003. 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). In our section D questionnaire, we requested that parties establish on the record the appropriateness of applying a value-based allocation to these physical characteristics. 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).

The issue of which prices (home market, U.S., or world-wide) to look to for the value allocation is of particular importance in a price-based antidumping analysis. After careful consideration, 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.

During our analysis of the respondents' submissions, we noted that the presence of sales made on a random-length basis in our NRV data potentially distorts the value-based allocation. While the respondents have argued for a full value-based allocation, in part, to derive a difference-in-merchandise adjustment for dimensional differences, the presence of a significant number of random-length-tally sales masks any actual price differences between various lengths of lumber. In response to the problem of random-length sales, in our supplemental questionnaires dated February 2, 2004, and in subsequent telephone conversations documented in a follow-up Memorandum to the File, dated February 13, 2004, we requested that the respondents break out the random-length-tally sales separately from length-specific sales and to develop a two-tiered allocation method. *See* Memorandum from Michael Harrison to the File Regarding Tally Sales (February 13, 2004). 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. For West Fraser, 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.[11]

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:

(A) *Abitibi*

1. We adjusted the byproduct revenue offset associated with the sale of wood chips to affiliates to reflect a market price in a given province.

2. We made the following adjustments to Abitibi's G&A expense rate:

(a) We excluded a miscellaneous revenue amount that they received for certain reimbursed legal fees related to the lumber dispute; and,

(b) We recalculated SG&A expenses on a non-consolidated basis.

3. We made the following adjustments to Abitibi's financial expense rate:

(a) We recalculated Abitibi's interest expense rate as the percentage of net interest expense over cost of sales, based on the consolidated financial statements of the respondent's parent company; and,

(b) We excluded the gain from discontinued operations from the calculation of interest expense, as this is not related to financial expenses but rather is the sale of a manufacturing entity.

4. We changed the methodology for computing the cost of input material produced by Abitibi's sawmills and sent internally to its further processing mills.

5. We reversed cost adjustments related to machine stress rated (MSR) products.

See Memorandum from Nancy Decker to Neal Halper regarding Abitibi's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(B) *Buchanan*

No adjustments were necessary.

(C) *Canfor*

1. We revised the financial expense rate to disallow Lakeland's negative interest expense.

2. We revised the G&A rate to disallow Canfor's gain on the sale of land, a non-depreciable asset.

3. We set negative net realizable sales values to zero and kept them in the value allocation program.

See Memorandum from Heidi Schriefer to Neal Halper regarding Canfor's, Lakeland's and The Pas' Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(D) *Slocan*

1. We included the species-specific stumpage adjustment in the control number-specific cost of manufacturing.

2. We recalculated Slocan's G&A rate using the unconsolidated company-wide G&A rates of the lumber-producing entities.

3. For purposes of the value-allocation program, we set negative production quantities to a value of one.

See Memorandum from Peter Scholl to Neal Halper regarding Slocan's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(E) *Tembec*

1. We recalculated Tembec's G&A rate using the unconsolidated company-wide G&A rates of the lumber-producing entities.

2. We recalculated Tembec's financial expense rate by including all foreign exchange gains and losses.

3. We excluded from the value allocation of sawmill and wood costs a facility that sells but does not produce lumber.

4. We adjusted the byproduct revenue offset associated with the sale of wood chips to affiliates to reflect a market price in a given province.

See Memorandum from Shiekh Hannan to Neal Halper regarding

[11] We note that the vast majority of purchased lumber was excluded from our sales analyses as the producer had knowledge that the product was for export to the United States.

Tembec's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(F) *Tolko*

1. We adjusted Tolko's total G&A expenses to include G&A depreciation and to exclude income related to the recovery of bad debts, royalty income and interest income. We adjusted the cost of goods sold used as the denominator of Tolko's G&A expense ratio to exclude G&A depreciation and non-lumber packing costs. In addition, we added the results of Gilbert Smith to the overall G&A rate calculation.

2. We adjusted the cost of goods sold used as the denominator of Tolko's financial expense ratio to exclude G&A depreciation and non-lumber packing costs. In addition, we added the results of Gilbert Smith to the overall interest expense rate calculation.

See Memorandum from Robert Greger to Neal Halper regarding Tolko's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(G) *West Fraser*

1. We disallowed West Fraser's start-up adjustment at the Chasm sawmill, because it appears that the mill reached commercial production levels prior to the POR.

2. We adjusted West Fraser's interest expense ratio calculation to include the additional foreign exchange losses and to exclude interest income from long-term sources from the numerator of the calculation. Additionally, we adjusted the denominator of the interest expense ratio calculation to exclude packing expenses and G&A related depreciation expenses.

3. We adjusted the byproduct revenue offset associated with the sale of wood chips to affiliates to reflect a market price in a given province.

4. We revised West Fraser's G&A expense rate to include depreciation expense related to G&A operations for two of its mills.

See Memorandum from Michael Harrison to Neal Halper regarding West Fraser's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

(H) *Weyerhaeuser*

1. We adjusted wood costs to reflect a value allocation for the logs for the POR.

2. We re-allocated energy and common plant overhead costs among major processes within the sawmill.

3. For BC Coastal, we excluded from wood cost going forward into the sawmills miscellaneous revenue and expenses and non-operating income and expense items that did not relate to wood costs.

See Memorandum from Taija Slaughter to Neal Halper regarding Weyerhaeuser's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results (June 2, 2004).

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 section 351.410 of the Department's regulations. We also made adjustments, in accordance with section 351.410(e) of the Department's regulations, 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 foreign 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 and advertising 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 but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *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) and adding U.S. direct selling expenses (*e.g.*, credit expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Buchanan's Preliminary Calculation Memorandum.

(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 but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Canfor's Preliminary Calculation Memorandum.

(D) *Slocan*

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, inland freight to warehouse, inland freight to customer, and freight rebates. 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) and adding direct selling expenses. For comparisons made to CEP sales, we deducted home-market direct selling expenses but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Slocan's Preliminary Calculation Memorandum.

(E) *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 but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Tembec's Preliminary Calculation Memorandum.

(F) *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, early payment discounts, 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 and warranty expenses). For comparisons made to CEP sales, we deducted home-market direct selling expenses but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Tolko'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 billing adjustments, early payment discounts, inland freight to the warehouse, warehousing expenses, special handling 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 but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *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 but did not add U.S. direct selling expenses. In addition, we made adjustments to the home-market prices based upon our findings at verification. *See* Weyerhaeuser's Preliminary Calculation Memorandum.

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 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 in the home market. The first channel of distribution (channel 1) included direct sales from Canadian mills or reload centers to customers. The second channel of distribution (channel 3) consisted of VMI/consignment sales made to large retailers, distributors, building materials manufacturers and other large lumber producers. The third channel of distribution (channel 4) consisted of e-commerce sales. 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. These two EP channels of distribution are direct sales from Canadian mills or reload centers to customers (channel 1), and VMI/consignment sales made to large retailers, distributors, building materials manufacturers and other large lumber producers (channel 2). There are no e-commerce sales in the U.S. market (channel 3). Because the sales process, freight services and inventory maintenance were similar, we preliminarily determine that EP sales in these two active channels of distribution during the review constitute a single LOT, which is identical to the home-market LOT.

With respect to CEP sales, Abitibi reported these sales through two channels of distribution. The first (channel 2) included direct sales from U.S. reload centers to customers. The second (channel 3) 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 determined 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.

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 found the LOT for CEP sales to be similar to the home-market LOT, we made 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 six channels of distribution constitute a single LOT, which is identical to the home-market LOT.

With respect to CEP sales, Buchanan reported those sales that traveled through a U.S. reload yard. 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 found the LOT for CEP sales to be similar to the home-market LOT, we made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(C) *Canfor*

Canfor reported three channels of distribution in the home market,[12] with seven customer categories. 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 or remanufacturing operations, where merchandise was shipped from the primary mill through one or more lumber-handling and inventory yards and/or secondary manufacturing facilities before delivery to the end customer. Finally, the third channel of distribution (channel 3) includes sales made pursuant to VMI programs.

We compared the selling functions in these three 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: Product brochures, 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, warranty 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 three channels of distribution constitute a single LOT.

In the U.S. market, Canfor had both EP and CEP sales. Canfor reported EP through all three channels of distribution. These three 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 three channels of distribution constitute a single LOT that 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) and 3 (VMI customers). The selling functions performed for these two channels of distribution were not significantly different in terms of freight arrangements, inventory management and warranty services; therefore, we determined there is only one CEP LOT.

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 found the LOT for CEP sales to be similar to the home-market LOT, we made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(D) Slocan

Slocan reported two channels of distribution in the home market. The first channel (channel 1) is comprised of direct sales and shipments to customers, and represents the large majority of sales. The second (channel 2) consisted of sales through reload centers. We compared the selling functions in the two channels of distribution and found that Slocan's sales process was identical across both channels. In addition, freight services and inventory maintenance activities were similar. Accordingly, we preliminarily determine that home-market sales in these two channels of distribution constitute a single LOT.

In the U.S. market, Slocan had both EP and CEP sales. Slocan reported EP sales through two channels of distribution: (1) Direct sales to customers; and (2) settlements of futures contracts. The first, coded channel 1, included direct sales and shipments to customers. All other EP sales were ex-pit settlements of SPF lumber futures positions on the Chicago Mercantile Exchange (CME), *i.e.*, sales settled outside the pit of the CME. Slocan treats the CME like a customer. These sales, coded as channel 4, effectively use the same channel of distribution as channel 1 once the sale is arranged. Although the sales process for channel 4 differs somewhat from that of other EP sales and home-market sales, the selling functions and channels of distribution for both channel 1 and channel 4 are similar in that they are minimal. Therefore, we preliminarily determine that EP sales in the U.S. market constitute a single LOT.

On this basis, it appears that the LOT of Slocan's home-market sales do not involve significantly different selling functions than the LOT of the company's EP sales, and that the distinctions do not constitute a difference in LOT between the two markets.

Slocan's CEP sales were reported in two channels of distribution: (1) Sales through reload operations; and (2) sales through VMI programs. The first, coded as channel 2, consisted of sales shipped from reload centers in the United States operated by unaffiliated parties. Unlike home-market and EP sales, the shipment instruction would go to the reload center rather than the mill. All channel 2 sales were reported as CEP sales. Slocan also reported some VMI sales, coded as channel 3, in which inventory was stored by the customer, although Slocan held title to the merchandise until it was sold. Slocan's Canada-based services for its CEP sales include order taking, issuing invoices to purchasers, and shipment instructions and inventory management for channel 2 sales. With respect to channel 3 sales, Slocan's involvement included the collection of weekly invoices of withdrawals from inventory and

[12] We note that, in its August 29, 2003, section A response, Canfor described three channels of distribution. However, Canfor reported sales through reload centers and sales through remanufacturing facilities as separate channels of distribution in its October 20, 2003, section B and C response, thereby reporting four channels of distribution.

keeping track of inventory levels. Slocan did not report any indirect selling expenses related to economic activity in the United States, other than imputed inventory carrying costs for either of these channels. Given the similarity of selling functions between these two channels of distribution, we concluded, preliminarily, that they constituted a single LOT.

In determining whether separate LOTs existed between U.S. CEP sales and home-market sales, we examined the selling functions for the chains of distribution and customer categories reported in the home market and the United States. In determining LOTs 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 found the CEP LOT to be similar to home-market LOT. Both were similar with respect to sales process and warehouse/inventory maintenance. Therefore, where possible, we matched CEP sales to NV based on home-market sales and made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(E) Tembec

In Tembec's narrative response on its channels of distribution and in its sales databases, Tembec originally reported four channels of distribution applicable to both markets.[13] Tembec originally reported these four channels of trade based on customer categories. Channel 1 sales were distributed through office wholesalers who purchased the lumber generally on an FOB mill basis, and shipped it to a final customer, of whom Tembec had no knowledge. Channel 2 sales included sales made to stocking wholesale distributors which were normally shipped to the customer's facility. Channel 3 sales involved direct sales to building material/retail dealers. Channel 4 sales involved material for the further manufacture of finished or semi-finished products by remanufacturers.

The Department issued supplemental questions on Tembec's original presentation of four channels of distribution. In its narrative responses for home-market and U.S. sales, and in its supplemental narrative response on channels of distribution, Tembec revised its analysis and reported two channels of distribution in each market.[14] The first channel of distribution (channel 1) included direct sales 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. We found that the two channels of distribution were similar with respect to both the sales process and freight services. Accordingly, we preliminarily determine that home-market sales in these two 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 same two channels of distribution reported for home-market sales. These two channels of distribution as they apply to EP sales do not differ from the two channels of distribution in the home market. Because the sales process, freight services and inventory maintenance were similar, we preliminarily determine that EP sales in these two channels of distribution constitute a single LOT which is identical to the home-market LOT.

With respect to CEP sales, the Department has determined that Tembec made these sales through one channel of distribution, which consisted of U.S. sales that either pass through a U.S. reload center en route to the customer, or go to a VMI. In determining whether separate LOTs exist between U.S. CEP sales and home-market sales, we examined the selling functions reported for different distribution chains and customer categories in the home market and the United States.

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. Tembec normally provides transportation to the customer. Tembec provided the same services for VMI sales. Because we found the LOT for CEP sales to be similar to the home-market LOT, we made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(F) Tolko

Tolko reported three 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, Brokerage, and Tolko Distribution Sales (TDS) units 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 by Tolko's Brokerage and TDS sales units from inventory locations that contain softwood lumber produced by Tolko and various suppliers. The third channel of distribution (channel 3) consisted of sales made through its North American Lumber sales unit on a customer collect basis. We compared sales process in each of the three channels of distribution and found that, although the first two channels had similar freight services and inventory maintenance whereas the third channel sales were purchases made on an f.o.b. mill basis, the selling functions were similar for each channel in that they were minimal and the difference in freight alone does not merit a separate LOT. Accordingly, we preliminarily determine that home-market sales in these three 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, the first channel of distribution (channel 1) included direct sales made by Tolko's North American Lumber sales, Brokerage, and TDS units from Tolko's Canadian mill production and may be shipped either directly or through a reload center to customers.

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 and Brokerage sales units 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 related to freight arrangements and inventory maintenance for these two channels of distribution were not significantly different and, therefore, we determined 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.

Tolko's sales in the home and U.S. markets do not involve significantly different selling functions. 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.

[13] *See* Tembec Section A Response, August 29, 2003, at page A–12.

[14] *See* Tembec Section B and C Responses, October 20, 2003, at pages B–12 and C–12, and Tembec Supplemental Response, November 5, 2003. We note that in the actual sale databases Tembec continues to report four channel classifications.

Because we found the LOT for CEP sales to be similar to the home-market LOT, we made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(G) West Fraser

West Fraser reported three channels of distribution in the home market, with ten customer categories, of which only eight were used during the POR. 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 unaffiliated inventory location. The third channel of distribution (channel 3) consisted of sales made to end-users and distributors through VMI programs. We compared these three 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 3, and the payment of commissions for channel 2 and 3 sales, all three 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. West Fraser reported EP sales to end-users and distributors through four channels of distribution and ten customer categories, of which only eight were used during the POR. The first two EP channels of distribution did not differ from the first two channels of distribution within the home market, except with respect to paper processing services in connection with brokerage and handling.

With respect to CEP sales, West Fraser's channel of distribution (channel 3) 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. These sales were made from unaffiliated destination reload centers in the United States by sales people located in Canada. In determining whether separate LOTs actually existed between CEP sales and home-market sales, we examined the selling functions in the different distribution chains and customer categories reported in the home market and the United States.

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 the importers in the U.S. market do not involve significantly different selling functions. The CEP LOT was similar to the single home-market LOT with respect to sales process, and inventory maintenance. We found the LOT for CEP sales similar to the home-market LOT. Therefore, we made no LOT adjustment or CEP offset. *See* section 773(a)(7)(A) of the Act.

(H) Weyerhaeuser

Weyerhaeuser reported six channels of distribution in the home market, with seven customer categories.[15] 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) sales invoiced from Canadian reloads; and (6) sales from B.C. Coastal Group's (BCC) processing mills. To determine whether separate levels of trade 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, quality claims, marketing and promotional activities, market information, advanced shipping notices, and order status information. For each channel, except WBM sales from inventory, Weyerhaeuser offered certification of adherence to sustainable forestry initiatives. Weyerhaeuser's sales made out of inventory by WBM 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. WBM operates a number of customer service centers (CSC) throughout Canada where it provides local sales offices and just-in-time inventory locations for 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. WBM also sells from inventory through its trading group locations (TGs). The TGs maintain some sales offices of their own and have sales personnel at some CSCs.

WBM also sells on a mill-direct basis. Although double-invoicing (*i.e.,* the mill invoices WBM and WBM invoices the final customer) is involved, there is no need to maintain local just-in-time inventory or arrange freight twice. 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.

Sales made through VMI arrangements 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 seven customer categories in relation to the channels of distribution and application of selling functions. Each channel services multiple customer categories with channels 1, 2, and 4 serving at least five 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 both VMI and WBM inventory 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 and WBM inventory sales are not identical, the principal selling activity for both is just-in-time inventory maintenance. Thus,

[15] Weyerhaeuser also reported a customer category for employee sales in the home market. However, we removed these sales from the margin calculation and LOT analysis.

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 and WBM sales out of inventory (HM2) (encompassing channels 2 and 4).

Weyerhaeuser reported seven 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) sales invoiced from Canadian reloads; and (7) sales from BCC's processing mills. 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, 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 include the same selling functions performed for home market VMI sales, as described above. Although the VMI warehouses are located in the United States, most, if not all, of the associated selling functions appear to be performed in Canada. Therefore, even after the deduction of U.S. expenses and profit we find that the U.S. VMI sales (U.S.2) are made at the same LOT as home market VMI sales (HM2), and we have matched them accordingly.

SWL's sales through U.S. reloads also appear to have most of their selling functions occurring in Canada. While Weyerhaeuser states that it maintains just-in-time inventory for its U.S. customers at these reloads, it does not maintain local sales offices, and the sales do not involve a reseller. Therefore, these sales do not appear to be at a different point in the chain of distribution than mill-direct sales in Canada. In addition, SWL does not appear to offer the same services from its U.S. reloads that it offers its VMI customers. 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, significant selling activities occur in the United States, such as maintaining local sales offices and just-in-time inventory, and arranging freight to the final customer. The selling functions occurring 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.

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 22, 2002, through April 30, 2003:

Producer	Weighted-average margin (percentage)
Abitibi	2.97
(and its affiliates Produits Forestiers Petit Paris Inc., Produits Forestiers La Tuque Inc., and Societe En Commandite Scierie Opticwan)	
Buchanan	4.80
(and its affiliates Atikokan Forest Products Ltd., Long Lake Forest Products Inc., Nakina Forest Products Limited [16], 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.)	
Canfor*	2.06
(and its affiliates Lakeland Mills Ltd., The Pas Lumber Company Ltd., Howe Sound Pulp and Paper Limited Partnership, and Skeena Cellulose)	
Slocan	1.64
Tembec	10.21
(and its affiliates Marks Lumber Ltd., Excel Forest Products, Les Industries Davidson Inc., Produits Forestiers Temrex Limited Partnership [17])	
Tolko	3.68
(and its affiliates Gilbert Smith Forest Products Ltd. Compwood Products Ltd., and Pinnacle Wood Products Ltd.)	
West Fraser	1.08
(and its affiliates West Fraser Forest Products Inc., and Seehta Forest Products Ltd.)	
Weyerhaeuser	8.38
(and its affiliates Weyerhaeuser Saskatchewan Ltd., and Monterra Lumber Mills Limited [18])	
Review-Specific Average Rate Applicable to the Following Companies:	

Producer	Weighted-average margin (percentage)
2 by 4 Lumber Sales Ltd.	
440 Services Ltd.	
582912 B.C. Ltd. (DBA Paragon Wood Products, Lumby)	
A.J. Forest Products Ltd.	
A.L. Stuckless & Sons Limited	
Abitibi-LP Engineered Wood, Inc.	
Age Cedar Products	
Alberta Spruce Industries Ltd.	
Allmac Lumber Sales Ltd.	
Alpa Lumber Mills Inc.	
American Bayridge Corporation	
Apex Forest Products Inc.	
Apollo Forest Products Ltd.	
Aquila Cedar Products Ltd.	
Arbutus Manufacturing Ltd.	
Armand Duhamel et fils Inc.	
Ashley Colter (1961) Limited	
Aspen Planers Ltd.	
Atco Lumber Ltd.	
AWL Forest Products	
Bakerview Forest Products Inc.	
Barrett Lumber Company Limited	
Barrette-Chapais Ltee	
Beaubois Coaticook Inc.	
Blanchette et Blanchette Inc.	
Bloomfield Lumber Limited	
Bois Cobodex (1995) Inc.	
Bois Daaquam Inc.	
Bois d'oeuvre Cedrico Inc.	
Bois Neos Inc.	
Bois Omega Ltee	
Bois Rocam Inc.	
Boisaco Inc.	
Boucher Forest Products Ltd.	
Bowater Canadian Forest Products Incorporated	
Bridgeside Higa Forest industries Ltd.	
Brittania Lumber Company Limited	
Brouwer Excavating Ltd.	
Brunswick Valley Lumber Inc.	
Buchanan Lumber	
Burrows Lumber Inc.	
BW Creative Wood	
Byrnexco Inc.	
C.E. Harrison & Sons Ltd.	
Caledon Log Homes (FEWO)	
Caledonia Forest Products Ltd.	
Cambie Cedar Products Ltd.	
Canadian Forest Products Ltd.	
Canadian Lumber Company Ltd.	
Cando Contracting Ltd.	
Canex International Lumber Sales Ltd.	
Canwel Distribution Ltd.	
Canyon Lumber Company Ltd.	
Cardinal Lumber Manufacturing & Sales Inc	
Carrier Forest Products Ltd.	
Carrier Lumber Ltd.	
Carson Lake Lumber	
Cedarland Forest Products Ltd.	
Central Cedar	
Centurion Lumber Manufacturing (1983) Ltd.	
Chaleur Sawmills	
Cheminis Lumber Inc.	
Cheslatta Forest Products Ltd.	
Chisholm's (Roslin) Ltd.	
Choicewood Products Inc.	
City Lumber Sales & Services Ltd.	
Clair Industrial Development Corp. Ltd. (Waska)	
Clareco Industries Ltd	
Claude Forget Inc.	
Clearwood Industries Ltd.	
Coast Clear Wood Ltd.	
Colonial Fence Mfg. Ltd.	

Producer	Weighted-average margin (percentage)
Comeau Lumber Ltd.	
Commonwealth Plywood Co. Ltd.	
Cooper Creek Cedar Ltd.	
Cooperative Forestiere Laterriere	
Cottle's Island Lumber Co. Ltd.	
Coventry Forest Products Ltd.	
Cowichan Lumber Ltd	
Crystal Forest Industries Ltd.	
Curley's Cedar Post & Rail	
Cushman Lumber Co. Inc.	
D.S. McFall Holding Ltd.	
Dakeryn Industries Ltd.	
Delco Forest Products Ltd.	
Delta Cedar Products Ltd.	
Devlin Timber Company (1992) Limited	
Devon Lumber Co. Ltd.	
Doman Forest Products Limited	
Doman Industries Limited	
Doman Western Lumber Ltd.	
Domexport Inc.	
Domtar Inc.	
Downie Timber Ltd.	
Duluth Timber Company	
Dunkley Lumber Ltd.	
E. Tremblay et fils Ltee	
E.R. Probyn Export Ltd.	
Eacan Timber Canada Ltd.	
Eacan Timber Limited	
Eacan Timber USA Ltd.	
East Fraser Fiber Co. Ltd.	
Eastwood Forest Products Inc.	
Edwin Blaikie Lumber Ltd.	
Elmira Wood Products Limited	
Elmsdale Lumber Company Limited	
Evergreen Empire Mills Incorporated	
EW Marketing	
F.L. Bodogh Lumber Co. Ltd.	
Falcon Lumber Limited	
Faulkener Wood Specialities Ltd.	
Fawcett Lumber	
Federated Co-operative Limited	
Finmac Lumber Limited	
Fontaine Inc (dba J.A. Fontaine et fils Incorporee)	
Fraser Inc.	
Fraser Pacific Forest Products Inc.	
Fraser Pacific Lumber Company	
Fraser Pulp Chips Ltd.	
Fraserview Cedar Products Ltd	
Frontier Mills Inc.	
Georgetown Timber Limited	
Georgian Bay Forest Products Ltd.	
Gestofor Inc.	
Gogama Forest Products	
Goldwood Industries Ltd.	
Goodfellow Inc.	
Gorman Bros. Lumber Ltd.	
Great Lakes MSR Lumber Ltd.	
Greenwood Forest Products (1983) Ltd.	
Groupe Cedrico Inc.	
H.A. Fawcett & Son Limited	
H.J. Crabbe & Sons Ltd.	
Haida Forest Products Ltd.	
Hainesville Sawmill Ltd.	
Harry Freeman & Son Ltd.	
Hefler Forest Products Ltd.	
Hi-Knoll Cedar Inc.	
Hilmoe Forest Products Ltd.	
Hoeg Bros. Lumber Ltd.	
Holdright Lumber Products Ltd.	
Hudson Mitchell & Sons Lumber Inc.	
Hughes Lumber Specialities Inc.	
Hyak Speciality Wood	

Producer	Weighted-average margin (percentage)
Industrial Wood Specialities	
Industries Maibec Inc.	
Industries Perron inc.	
Interior Joinery Ltd.	
International Forest Products Limited (Interfor)	
Isidore Roy Limited	
J.A. Turner & Sons (1987) Limited	
J.D. Irving, Limited	
Jackpine Engineered Wood Products Inc.	
Jackpine Forest Products Ltd.	
Jamestown Lumber Company Limited	
Jasco Forest Products Ltd.	
Jointfor (3207021) Canada, Inc.	
Julimar Lumber Co. Limited	
Kenora Forest Products Limited	
Kent Trusses Ltd.	
Kenwood Lumber Ltd.	
Kispiox Forest Products	
Kruger, Inc.	
Lakeburn Lumber Limited	
Landmark Structural Lumber	
Landmark Truss & Lumber Inc.	
Langevin Forest Products, Inc.	
Langley Timber Company Ltd.	
Lawson Lumber Company Ltd.	
Lecours Lumber Company	
Ledwidge Lumber Co. Ltd	
Leggett & Platt	
LeggettWood	
Les Bois d'Oeuvre Beaudoin & Gautheir Inc.	
Les Bois Lemelin Inc.	
Les Bois S&P Grondin inc.	
Les Produits Forestiers D.G. Ltee	
Les Produits Forestiers Dube Inc.	
Les Produits Forestiers F.B.M. Inc.	
Les Produits Forestiers Maxibois Inc.	
Les Produits Forestiers Miradas Inc.	
Les Produits Forestiers Portbec Ltee	
Les Scieries du Lac St Jean Inc.	
Leslie Forest Products Ltd.	
Lignum Ltd.	
Lindsay Lumber Ltd.	
Liskeard Lumber Ltd.	
Littles Lumber Ltd.	
Lonestar Lumber Inc.	
LP Canada Ltd.	
LP Engineered Wood Products Ltd.	
Lulumco Inc.	
Lyle Forest Products Ltd.	
M&G Higgins Lumber Ltd.	
M.F. Bernard Inc.	
M.L. Wilkins & Son Ltd.	
MacTara Limited	
Manitou Forest Products Ltd.	
Maple Creek Saw Mills Inc.	
Marcel Lauzon Inc.	
Marwood Ltd.	
Materiaux Blanchette Inc.	
Max Meilleur & Fils Ltee	
McCorquindale Holdings Ltd.	
McNutt Lumber Company Ltd.	
Mercury Manufacturing Inc.	
Meunier Lumber Company Ltd.	
Mid America Lumber	
Midland Transport Limited	
Midway Lumber Mills Ltd.	
Mill & Timber Products Ltd.	
Millar Western Forest Products Ltd.	
Millco Wood Products Ltd.	
Mobilier Rustique (Beauce) Inc.	
Monterra Lumber Mills Limited	
Mountain View Specialty Products & Reload Inc.	

Producer	Weighted-average margin (percentage)
Murray A. Reeves Forestry Limited	
N.F. Douglas Lumber Limited	
Nechako Lumber Co. Ltd.	
Newcastle Lumber Co. Inc.	
Nexfor Inc.	
Nicholson and Cates Limited	
Nickel Lake Lumber	
Norbord Industries Inc.	
North American Forest Products Ltd.	
North Enderby Timber Ltd.	
North Mitchell Lumber Co. Ltd.	
North Shore Timber Ltd.	
North Star Wholesale Lumber Ltd.	
Northchip Ltd.	
Northland Forest Products	
Olav Haavaldsrud Timber Company	
Olympic Industries Inc.	
Optibois Inc. 692	
P.A. Lumber & Planing Mill	
Pacific Lumber Remanufacturing Inc.	
Pacific Northern Rail Contractors Corp.	
Pacific Western Woodworks Ltd.	
Pallan Timber Products (2000) Ltd.	
Palliser Lumber Sales Ltd.	
Pan West Wood Products Ltd.	
Paragon Ventures Ltd. (DBA Paragon Wood Products, Grindrod)	
Parallel Wood Products Ltd.	
Pastway Planing Limited	
Pat Power Forest Products Corp.	
Paul Vallee Inc.	
Peak Forest Products Ltd.	
Peter Thomson & Sons Inc.	
Phoenix Forest Products Inc.	
Pope & Talbot Inc.	
Porcupine Wood Products Ltd.	
Portelance Lumber Capreol Ltd.	
Power Wood Corp.	
Precibois Inc. 692	
Preparabois Inc.	
Prime Lumber Limited	
Pro Lumber Inc.	
Produits Forestiers Labrieville	
R. Fryer Forest Products Ltd.	
Raintree Lumber Specialties Ltd.	
Ramco Lumber Ltd.	
Redtree Cedar Products Ltd.	
Redwood Value Add Products Inc.	
Ridgewood Forest Products Ltd.	
Rielly Industrial Lumber, Inc.	
Riverside Forest Products Ltd.	
Rojac Cedar Products Inc.	
Rojac Enterprises Inc.	
Rouck Bros. Sawmill Ltd.	
Russell White Lumber Limited	
Sauder Industries Limited	
Sawn Wood Products	
Scierie Adrien Arseneault Ltee	
Scierie Beauchesne et Dube Inc	
Scierie Gaston Morin Inc.	
Scierie La Patrie, Inc.	
Scierie Landrienne Inc.	
Scierie Lapointe & Roy Ltee	
Scierie Leduc	
Scierie Nord-Sud Inc.	
Scierie West Brome Inc.	
Scott Lumber Ltd.	
Selkirk Speciality Wood Ltd.	
Shawood Lumber Inc.	

Producer	Weighted-average margin (percentage)
Sigurdson Bros. Logging Co. Ltd.	
Sinclar Enterprises Ltd.*	
Skana Forest Products Ltd.	
South River Planing Mills Inc.	
South-East Forest Products Ltd.	
Spray Lake Sawmills (1980) Ltd.	
Spruce Forest Products Ltd.	
Spruce Products Limited	
St. Anthony Lathing Mills Ltd.	
St. Jean Lumber (1984) Ltd.	
Stuart Lake Lumber Co. Ltd.	
Sunbury Cedar Sales Ltd.	
SWP Industries Inc.	
Sylvanex Lumber Products Inc.	
T.P. Downey & Sons Ltd.	
Tarpin Lumber Incorporated	
Teeda Corp	
Terminal Forest Products Ltd.	
TimberWorld Forest Products Inc.	
T'loh Forest Products Limited Partnership	
Treeline Wood Products Ltd.	
Triad Forest Products Ltd.	
Twin Rivers Cedar Products Ltd.	
Tyee Timber Products Ltd.	
United Wood Frames Inc.	
Usine Sartigan Inc.	
Vancouver Specialty Cedar Products Ltd.	
Vanderhoof Specialty Wood Products	
Vandermeer Forest Products (Canada) Ltd.	
Vanderwell Contractors (1971) Ltd.	
Vanport Canada Co.	
Vernon Kiln & Millwork Ltd.	
Visscher Lumber Inc.	
W.C. Edwards Lumber	
W.I. Woodtone Industries Inc.	
Welco Lumber Corporation	
Weldwood of Canada Limited	
Wentworth Lumber Ltd.	
Wernham Forest Products	
West Bay Forest Products & Manufacturing Ltd.	
West Can Rail Ltd.	
West Chilcotin Forest Products Ltd.	
West Hastings Lumber Products	
Western Commercial Millwork Inc.	
Westmark Products Ltd.	
Weston Forest Corp.	
West-Wood Industries Ltd.	
White Spruce Forest Products Ltd.	
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.	
Wynndel Box & Lumber Co. Ltd	3.98

* We note that, during the POR, Sinclar 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 Sinclar. As Sinclar also separately requested a review, any sales produced by another manufacturer and sold by Sinclar will receive the ''Review-Specific All Others'' rate.

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

[17] 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 initiation notice. *See Notice of Initiation of Antidumping Duty Administrative Review*, 68 FR 39059 (July 1, 2003).

[18] Based on the Final Results of the Changed Circumstances Review, Monterra shall receive Weyerhaeuser's weighted-average margin until December 23, 2002; thereafter the company will be subject to the review-specific average rate. *See Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 68 FR 54891 (September 19, 2003).

Disclosure and Opportunity To Submit Data Analyses

The Department will disclose calculations performed in accordance with 19 CFR 351.224(b). In addition, the Department is offering interested parties the opportunity to submit data analyses related to: (1) The appropriateness of continuing to use length as a matching characteristic; (2) the use of length in the value-based cost calculation; and (3) the treatment of sales made on a random-length basis in price-to-price comparisons. All data analyses must be based solely on data already on the record and should contain the following:

1. A complete SAS program which starts with the database actually submitted by the respondent. The program should be submitted in both hard copy and electronic format.
2. A detailed narrative response which discusses each element of the output and its significance.
3. An explanation as to how the results of the analysis can be meaningfully used by the Department in resolving the aforementioned issues.

The submissions of data analyses as indicated above are due ten days after the publication of this notice. Comments on the data analyses may be made in the case briefs; however, no further data analysis programs will be considered. Data analyses submissions which do not contain all the requested information will be rejected and will not be considered for the final.

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 8.43 percent, the ''All Others'' rate established in the LTFV investigation. At this time the Department is considering instructing CBP to apply the cash deposit rate to the sum of the entered value, countervailing duties and antidumping duties when these items are deducted in determining entered value. 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: June 2, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–13073 Filed 6–10–04; 8:45 am]

BILLING CODE 3510–DS–P