

## ARTIST CANVAS FROM THE PRC - WEIGHTED-AVERAGE DUMPING MARGINS—Continued

Exporter	Producer	Weighted-Average Deposit Rate
Jiangsu By-products .....	Jiangsu By-products	70.28
China-Wide Rate .....		264.09

**Disclosure**

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

**Suspension of Liquidation**

In accordance with section 733(d) of the Act, we will instruct U.S. Customs and Border Protection ("CBP") to suspend liquidation of all entries of subject merchandise, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated above. The suspension of liquidation will remain in effect until further notice.

**International Trade Commission Notification**

In accordance with section 733(f) of the Act, we have notified the ITC of our preliminary affirmative determination of sales at less than fair value. Because we have postponed the deadline for our final determination to 135 days from the date of publication of this preliminary determination, section 735(b)(2) of the Act requires the ITC to make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of artist canvas, or sales (or the likelihood of sales) for importation, of the subject merchandise within 45 days of our final determination.

**Public Comment**

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than seven days after the date of the final verification report is issued in this proceeding and rebuttal briefs limited to issues raised in case briefs no later than five days after the deadline date for case briefs. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes.

In accordance with section 774 of the Act, we will hold a public hearing, if

requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we intend to hold the hearing three days after the deadline of submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Ave, NW, Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days after the date of publication of this notice. See 19 CFR 351.310(c). Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

We will make our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: October 28, 2005.

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

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**BILLING CODE 3510-DS-S**

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

**A-201-830**

**Preliminary Results of Antidumping Duty Administrative Review: Carbon and Alloy Steel Wire Rod from Mexico**

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

**SUMMARY:** In response to requests by interested parties, the Department of

Commerce ("the Department") is conducting an administrative review of the antidumping duty order on carbon and alloy steel wire rod ("wire rod") from Mexico for the period of review ("POR") October 1, 2003, through September 30, 2004.

We preliminarily determine that during the POR, Hylsa Puebla, S.A. de C.V. ("Hylsa Puebla") and Siderurgica Lazaro Cardenas Las Truchas S.A. de C.V., and its affiliate, CCC Steel GmbH, collectively ("SICARTSA") sold subject merchandise at less than normal value ("NV"). If these preliminary results are adopted in the final results of this administrative review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties equal to the difference between the export price ("EP") and NV.

**EFFECTIVE DATE:** November 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Tipten Troidl or Jolanta Lawska at (202) 482-1767 or (202) 482-8362, respectively, AD/CVD Operations, Office 3, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

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

On October 29, 2002, the Department published in the **Federal Register** the antidumping duty order on wire rod from Mexico; see *Notice of Antidumping Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, 67 FR 65945 (October 29, 2002). On October 1, 2004, we published in the **Federal Register** the notice of *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity To Request Administrative Review*, 69 FR 58889 (October 1, 2004).

On October 18, 2004, we received a request for review from SICARTSA: On October 27, 2004, we received a request for review from petitioners,<sup>1</sup> with respect to Hylsa Puebla and Sicartsa: On October 29, 2004, Hylsa Puebla and its

<sup>1</sup> The petitioners are ISG Georgetown (formerly Georgetown Steel Company), Gerdau Ameristeel U.S., Inc., (formerly Co-Steel Raritan), Keystone Consolidated Industries, Inc., and North Star Steel Texas, Inc.

parent company Hylsamex, S.A. de C.V. ("Hylsamex"),<sup>2</sup> requested a review. These reviews were requested in accordance with 19 CFR 351.213(b)(2).

On November 19, 2004, we published the notice of initiation of this antidumping duty administrative review covering the period October 1, 2003, through September 30, 2004. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 69 FR 67701 (November 19, 2003).

During the most recently completed segment of the proceeding in which SICARTSA participated, the Department found and disregarded sales that failed the cost test.<sup>3</sup> Pursuant to section 773(b)(2)(A)(ii) of the Tariff Act of 1930, as amended ("the Act"), we had reasonable grounds to believe or suspect that sales by SICARTSA of the foreign like product under consideration for the determination of NV in this review were made at prices below the cost of production ("COP"). Therefore, we initiated a cost investigation of SICARTSA, and instructed the company to fill out sections A–D<sup>4</sup> of our initial questionnaire which was issued on December 9, 2003. SICARTSA submitted sections A–C on January 28, 2005, and its section D on February 11, 2005.

On February 24, 2005, petitioners submitted a sales–below-cost allegation against Hylsa Puebla. We determined that petitioners' cost allegations provided a reasonable basis to initiate a COP investigation of Hylsa Puebla's sales. See Letter from Petitioners alleging below-cost sales by Hylsa Puebla, dated February 24, 2005, in the case file in the Central Records Unit ("CRU"), main Commerce building, room B–099. Also, on July 7, 2005, we informed Hylsa Puebla that it was required to respond to section D of the antidumping questionnaire. See Letter from the Department to Hylsa Puebla requiring a section D questionnaire response, dated July 7, 2005, in the CRU. On August 8, 2005, Hylsa Puebla

submitted its response to the section D questionnaire.

On April 26, 2005, the Department published an extension of preliminary results for this review, extending the preliminary results until October 31, 2005. See *Carbon and Certain Alloy Steel Wire Rod: Extension of Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 321395 (April 26, 2005).

On June 20, 2005, the Department issued a supplemental section A–D questionnaire to SICARTSA. We received SICARTSA's response to the section A–D supplemental questionnaire on July 15, 2005. On August 8, 2005, the Department issued a supplemental section A–C questionnaire to Hylsa Puebla. On September 8, 2005, we issued Hylsa Puebla a supplemental section D questionnaire. We received the response to Hylsa Puebla's section A–C supplemental questionnaire on September 6, 2005, and a response to the section D supplemental questionnaire on September 30, 2005.

On October 17, 2005, we issued an additional supplemental questionnaire to SICARTSA pertaining to the company's level of trade ("LOT") in the home and U.S. markets. Because we did not receive SICARTSA's questionnaire response until October 25, 2005, we are not incorporating the information in its response in these preliminary results. We invite interested parties to comment on how the Department should incorporate the information from SICARTSA's October 25, 2005, questionnaire response into the final results.

#### Scope of Review

The merchandise subject to this order is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross-sectional diameter.

Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States ("HTSUS") definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (*i.e.*, products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium).

Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. This grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.

This grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

For purposes of the grade 1080 tire cord quality wire rod and the grade 1080 tire bead quality wire rod, an inclusion will be considered to be deformable if its ratio of length

<sup>2</sup> Hylsa Puebla is a wholly-owned subsidiary of Hylsa, S.A. de C.V., which in turn is wholly-owned by Hylsamex, a Mexican holding company.

<sup>3</sup> The most recently completed segment in which SICARTSA participated was the first administrative review. See *Notice of Final Results of Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod from Mexico*, 70 FR 25809 (May 16, 2005) ("*First Review of Wire Rod from Mexico*").

<sup>4</sup> Section A: Organization, Accounting Practices, Markets and Merchandise

Section B: Comparison Market Sales

Section C: Sales to the United States

Section D: Cost of Production and Constructed Value

(measured along the axis - that is, the direction of rolling - of the rod) over thickness (measured on the same inclusion in a direction perpendicular to the axis of the rod) is equal to or greater than three. The size of an inclusion for purposes of the 20 microns and 35 microns limitations is the measurement of the largest dimension observed on a longitudinal section measured in a direction perpendicular to the axis of the rod. This measurement methodology applies only to inclusions on certain grade 1080 tire cord quality wire rod and certain grade 1080 tire bead quality wire rod that are entered, or withdrawn from warehouse, for consumption on or after July 24, 2003.

The designation of the products as "tire cord quality" or "tire bead quality" indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope. However, should petitioners or other interested parties provide a reasonable basis to believe or suspect that there exists a pattern of importation of such products for other than those applications, end-use certification for the importation of such products may be required. Under such circumstances, only the importers of record would normally be required to certify the end use of the imported merchandise.

All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under review are currently classifiable under subheadings 7213.91.3010, 7213.91.3090, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0090, 7227.20.0095, 7227.90.6051, 7227.90.6053, 7227.90.6058, and 7227.90.6059 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.<sup>5</sup>

<sup>5</sup> Effective January 1, 2004, CBP reclassified certain HTSUS numbers related to the subject merchandise. See [http://hotdocs.usitc.gov/tariff\\_chapters\\_current/toc.html](http://hotdocs.usitc.gov/tariff_chapters_current/toc.html).

### Product Comparisons

In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the "Scope of Review" section, above, and sold in Mexico during the POR are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on eight criteria to match U.S. sales of subject merchandise to comparison-market sales of the foreign like product or constructed value ("CV"): grade range, carbon content range, surface quality, deoxidation, maximum total residual content, heat treatment, diameter range, and coating. These characteristics have been weighted by the Department where appropriate. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed above. Where there were no sales of the foreign like product in the home market suitable for matching to the subject merchandise, we used constructed value as the basis for normal value.

### Comparisons to Normal Value

To determine whether sales of wire rod from Mexico were made in the United States at less than NV, we compared the EP to the NV, as described in the "Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions. See the company-specific calculation memoranda, available in the CRU.

### Export Price

For the price to the United States, we used EP in accordance with sections 772(a) of the Act. We calculated EP when the merchandise was sold by the producer or exporter outside of the United States directly to the first unaffiliated purchaser in the United States prior to importation and when Constructed Export Price was not otherwise warranted based on the facts on the record. We based EP on the packed cost-insurance-freight ("CIF"), ex-factory, free-on-board ("FOB"), or delivered prices to the first unaffiliated customer in, or for exportation to, the United States.

In accordance with section 772(c)(2) of the Act, we made deductions, where appropriate, for movement expenses including inland freight from plant or

warehouse to port of exportation, foreign brokerage, handling and loading charges, U.S. brokerage, and U.S. inland freight expenses (freight from port to the customer).

In accordance with 19 CFR 351.401(c) and in keeping with our practice, we added interest, freight, and other revenue (*i.e.*, Mexican and U.S. brokerage and handling, and duty charged to customer) where applicable. See, *e.g.*, *Light-Walled Rectangular Pipe and Tube from Mexico: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 69 FR 19400, 19406 (April 13, 2004); unchanged in *Light-Walled Rectangular Pipe and Tube From Mexico: Notice of Final Determination of Sales at Less Than Fair Value*, 69 FR 53677 (September 2, 2004).

### Normal Value

#### A. Selection of Comparison Markets

To determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared each respondent's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise. Pursuant to sections 773(a)(1)(B) and 773(a)(1)(C) of the Act, because each respondent had an aggregate volume of home market sales of the foreign like product that was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined that the home market was viable for all producers.

#### B. Arm's-Length Test

SICARTSA and Hylsa Puebla reported sales of the foreign like product to affiliated end-users and affiliated resellers. The Department calculates the NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the producer or exporter, *i.e.*, sales at arm's-length. See 19 CFR 351.403(c). To test whether these sales were made at arm's-length, we compared the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, discounts and packing. In accordance with the Department's current practice, if the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise identical or most similar to that sold to the affiliated party, we consider the sales to be at arm's-length

prices. See 19 CFR 351.403(c); see also, *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002). Conversely, where sales to the affiliated party did not pass the arm's-length test, all sales to that affiliated party have been excluded from the NV calculation. *Id.* Both Hysla and SICARTSA had sales that did not pass the arm's-length test and were excluded from the NV calculation.

### C. Cost of Production ("COP") Analysis

#### 1. Calculation of COP

Before making any comparisons to NV, we conducted a COP analysis of SICARTSA and Hysla Puebla, pursuant to section 773(b) of the Act, to determine whether the respondents' comparison market sales were made below the COP. We calculated the COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for selling, general, and administrative expenses ("SG&A") and packing, in accordance with section 773(b)(3) of the Act. We relied on the respondents' information as submitted.

In the prior review we found that for iron ore and lime, major inputs in wire rod production, the affiliates' average COP exceeded the transfer price SICARTSA paid to its affiliated suppliers. See *Preliminary Results of Antidumping Duty Administrative Review of the Antidumping Duty: Carbon and Alloy Steel Wire Rod from Mexico*, 69 FR 64722, 64725 (November 8, 2004); unchanged in *Notice of Final Results of Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod From Mexico*, 70 FR 25809 (May 16, 2005). In the current review, we preliminarily find that with respect to SICARTSA's affiliates, the average COP for iron ore exceeded the transfer price SICARTSA paid for those inputs. Therefore, pursuant to section 773(f)(3) of the Act, we applied the major input rule and adjusted SICARTSA's reported cost of manufacturing to account for purchases of iron ore from affiliated parties at non-arm's-length prices. We were unable to compare the transfer price for iron ore to a market price as there were no unaffiliated purchases or sales. See SICARTSA's February 11 2005 Questionnaire Response at Exhibit D-5 and page D-9. We therefore, adjusted SICARTSA's reported cost of manufacturing ("COM") to reflect the higher COP. Regarding SICARTSA's purchases of lime from affiliated parties, we preliminarily find that its purchases were not large enough to warrant

examining whether the purchases were at arm's length. See Exhibit D-5 of SICARTSA's February 11, 2005 response. This approach is consistent with the Department's practice. See, e.g., Comment 26 of the Issues and Decision Memorandum that accompanied the *Notice of Final Determination of Sales at Less Than Fair Value; Certain Cold-Rolled Carbon Steel Flat Products From France*, 67 FR 62114 (October 3, 2002). Therefore, we have accepted SICARTSA's cost of lime inputs from its affiliated parties, as reported.

#### 2. Test of Comparison Market Prices

As required under section 773(b)(2) of the Act, we compared the weighted-average COP to the per-unit price of the comparison market sales of the foreign like product, to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. In accordance with the statute and the Department's practice, we determined the net comparison market prices for the below-cost test by subtracting from the gross unit price any applicable movement charges, discounts, rebates, direct and indirect selling expenses (also subtracted from the COP), and packing expenses. See section 773(b) of the Act; see also *Certain Steel Concrete Reinforcing Bars From Turkey: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review and Notice of Intent Not To Revoke in Part*, 69 FR 25063, 25066 (May 5, 2004); unchanged in *Certain Steel Concrete Reinforcing Bars From Turkey: Final Results, Rescission of Antidumping Duty Administrative Review in Part, and Determination Not To Revoke in Part*, 69 FR 64731 (November 8, 2004).

#### 3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of 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." See section 773(b)(2)(C) of the Act. The sales were made within an extended period of time in accordance with section 773(b)(2)(B) of the Act, because they were made over the course

of the POR. In such cases, because we compared prices to POR-average costs, 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, for SICARTSA and Hysla Puebla, for purposes of this administrative review, we disregarded below-cost sales of a given product and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act. See the company-specific calculation memoranda on file in the CRU for our calculation methodology and results.

### D. Calculation of Normal Value Based on Comparison Market Prices

We calculated NV based on ex-works, FOB or delivered prices to comparison market customers. We recalculated the starting price taking into account, where necessary, billing adjustments and early payment discounts. Pursuant to section 773(a)(6)(B)(ii) of the Act, we made deductions from the starting price, when appropriate, for rebates, handling, loading, inland freight, warehousing, inland insurance. In accordance with 19 CFR 351.401(c), we added interest revenue and other revenue, where applicable. In accordance with sections 773(a)(6)(A) and (B) of the Act, we added U.S. packing costs and deducted comparison market packing, respectively. In addition, we made circumstance of sale ("COS") adjustments for direct expenses, including imputed credit expenses, and warranty expenses in accordance with section 773(a)(6)(C)(iii) of the Act.

We also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred on comparison market or U.S. sales where commissions were granted on sales in one market but not in the other, the "commission offset." Specifically, where commissions are incurred in one market, but not in the other, we will limit the amount of such allowance to the amount of either the selling expenses incurred in the one market or the commissions allowed in the other market, whichever is less.

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, we also made adjustments for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise, using POR-average costs.

Sales of wire rod purchased by the respondents from unaffiliated producers and resold in the comparison market were treated in the same manner described above in the "Export Price" section of this notice.

**E. Calculation of Normal Value Based on Constructed Value**

When we could not determine the NV based on comparison market sales because there were no contemporaneous sales of a comparable product, we compared the EP to CV. In accordance with section 773(e) of the Act, we calculated CV based on the sum of the COM of the product sold in the United States, plus amounts for SG&A expenses, profit, and U.S. packing costs.

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

**F. Level of Trade**

In accordance with section 773(a)(1)(B) of the Act, we determined NV based on sales in the comparison market at the same level of trade as the EP sales, to the extent practicable. When there were no sales at the same LOT, we compared U.S. sales to comparison market sales at a different LOT. When NV is based on CV, the NV LOT is that of the sales from which we derive SG&A expenses and profit.

Pursuant to 19 CFR 351.412, to determine whether comparison market sales were at a different LOT, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated (or arm's-length) customers. If the comparison-market sales were at a different LOT and the differences affect 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 will make an LOT adjustment under section 773(a)(7)(A) of the Act.

With respect to Sicartsa, for these preliminary results, we did not make a LOT adjustment because we did not find a LOT in the home market identical to the U.S. LOT, and thus we lacked the basis for quantifying the adjustment. This approach is consistent with the method employed in the prior administrative review. See page 5 of the November 1, 2004 memorandum to the file, "Preliminary Calculation Memorandum for Siderurgica Lazaro

Cardenas Las Truchas (SICARTSA)" from Tipten Troidl, Case Analyst, Office of AD/CVD Operations III. As discussed above, we decided not to incorporate the information regarding LOT from Sicartsa's October 25, 2005, submission into these preliminary results. However, our finding on this issue may change in the final results.

In its questionnaire response, Hylsa Puebla did not claim a LOT adjustment. See Hylsa Puebla Sections B and C questionnaire response dated February 4, 2005 at page 28. Moreover, based on our analysis of the facts of this administrative review, we preliminarily determine that there is no substantial difference in the selling functions between the sales on which NV is based and the export transactions. All of Hylsa Puebla's U.S. sales are reported as EP sales. Thus, we have matched EP sales to sales in the home market without regard to level of trade and made no level of trade adjustment.

For a detailed description of our LOT methodology and a summary of company-specific LOT findings for these preliminary results, see the calculation memoranda, all on file in the CRU.

**Currency Conversion**

For purposes of these preliminary results, we made currency conversions in accordance with section 773A(a) of the Act, based on the official exchange rates published by the Federal Reserve Bank.

**Preliminary Results of Review**

As a result of our review, we preliminarily determine that the following percentage weighted-average margins exist for the period October 1, 2003, through September 30, 2004:

Manufacturer/exporter	Margin (percent)
Hylsa Puebla .....	4.97
SICARTSA .....	4.28

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties of this proceeding in accordance with 19 CFR 351.224(b). 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 37 days after the date of publication, or the first working day thereafter, unless the Department alters the date pursuant to 19 CFR 351.310(d). Interested parties may submit case briefs no later than 30 days after the date of publication of these preliminary results of review. Rebuttal briefs limited to

issues raised in the case briefs, may be filed no later than 35 days after the date of publication. Parties who submit arguments are requested to submit with the argument (1) a statement of the issue, and (2) a brief summary of the argument. Further, parties submitting written comments are requested to 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, or at a hearing, within 120 days of publication of these preliminary results.

**Assessment Rate**

Pursuant to 19 CFR 351.212(b), the Department calculated an assessment rate for each importer of the subject merchandise. Upon issuance of the final results of this administrative review, if any importer-specific assessment rates calculated in the final results are above *de minimis* (i.e., at or above 0.5 percent), the Department will issue appraisal instructions directly to CBP to assess antidumping duties on appropriate entries by applying the assessment rate to the entered value of the merchandise. For assessment purposes, we calculated importer-specific assessment rates for the subject merchandise by aggregating the dumping margins for all U.S. sales to each importer and dividing the amount by the total entered value of the sales to that importer. Where appropriate, to calculate the entered value, we subtracted international movement expenses (e.g., international freight) from the gross sales value.

**Cash Deposit Requirements**

To calculate the cash deposit rate for each producer and/or exporter included in this administrative review, we divided the total dumping margins for each company by the total net value for that company's sales during the review period.

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of wire rod from Mexico entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) The cash deposit rates for the companies listed above will be the rates established in the final results of this review, except if the rate is less than 0.5 percent and, therefore, *de minimis*, the cash deposit will be zero; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific

rate published for the most recent final results in which that manufacturer or exporter participated; (3) if the exporter is not a firm covered in this review, a prior review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent final results for the manufacturer of the merchandise; and (4) 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 20.11 percent, the "All Others" rate established in the LTFV investigation. See *Notice of Final Determination of Sales at Less than Fair Value: Carbon and Certain Alloy Steel Wire Rod From Mexico*, 67 FR 55800 (August 30, 2002).

These cash deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

#### Notification to Importers

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

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

Dated: October 31, 2005.

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

A-570-827

#### Certain Cased Pencils from the People's Republic of China; Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order

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

**EFFECTIVE DATE:** November 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Maureen Flannery at (202) 482-3020, AD/CVD Operations, Office 8, Import

Administration, International Trade Administration, U.S. Department of Commerce, 14<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20230.

**SUMMARY:** On July 1, 2005, the Department of Commerce (the Department) initiated a sunset review of the antidumping duty order on Certain Cased Pencils from the People's Republic of China (PRC). On the basis of a Notice of Intent to Participate, and an adequate substantive response filed on behalf of domestic interested parties, as well as a lack of response from respondent interested parties, the Department conducted an expedited (120-day) sunset review. As a result of the sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

#### SUPPLEMENTARY INFORMATION:

##### Background:

On July 1, 2005, the Department published the notice of initiation of the sunset review of the antidumping duty order on Certain Cased Pencils from the PRC pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). See *Initiation of Five-year (Sunset) Reviews*, 70 FR 38101 (July 1, 2005) (*Initiation Notice*). On July 14, 2005, the Department received a Notice of Intent to Participate from domestic interested parties, Sanford Corp.; General Pencil Co., Inc.; Rose Moon Inc.; Tennessee Pencil Co.; and Musgrave Pencil Co., within the deadline specified in section 315.218(d)(1)(i) of the Department's regulations. Sanford Corp.; General Pencil Co.; Inc.; Rose Moon Inc.; Tennessee Pencil Co.; and Musgrave Pencil Co. claimed interested party status under section 771(9)(C) of the Act, as manufacturers of cased pencils in the United States. On August 1, 2005, the Department received a complete substantive response from domestic interested parties within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We did not receive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of the order.

##### Scope of the Order:

Imports covered by this order are shipments of certain cased pencils of any shape or dimension (except as described below) which are writing and/

or drawing instruments that feature cores of graphite or other materials, encased in wood and/or man-made materials, whether or not decorated and whether or not tipped (e.g., with erasers, etc.) in any fashion, and either sharpened or unsharpened. The pencils subject to the order are classified under subheading 9609.10.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Specifically excluded from the scope of the order are mechanical pencils, cosmetic pencils, pens, non-cased crayons (wax), pastels, charcoals, chalks, and pencils produced under U.S. patent number 6,217,242 from paper infused with scents by the means covered in the above-referenced patent, thereby having odors distinct from those that may emanate from pencils lacking the scent infusion. Also excluded from the scope of the order are pencils with all of the following physical characteristics: 1) length: 13.5 or more inches; 2) sheath diameter: not less than one-and-one quarter inches at any point (before sharpening); and 3) core length: not more than 15 percent of the length of the pencil. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

On June 3, 2005, the Department determined that certain Fiskars Brands, Inc.'s compasses are not included in the scope of the order. See *Notice of Scope Rulings*, 70 FR 55110 (September 29, 2005). The Department determined on February 18, 2005, that Rich Frog Industries Inc.'s certain decorated wooden gift pencils are within the scope of the order, and on March 5, 2005, in response to Target Corporation, that RoseArt Clip 'N Color is excluded from the scope of the order. See *Notice of Scope Rulings*, 70 FR 41347 (July 19, 2005). In response to a request by Barthco Trade Consultants, on May 22, 2003, the Department determined that twist crayons were outside the scope of the order. On September 29, 2004, in response to Target Corporation, the Department determined that the "Hello Kitty Fashion Totes" were outside the scope of the order. On September 29, 2004, in response to Target Corporation, the Department determined that "Hello Kitty Memory Maker" was outside the scope of the order and that "Crayola the Wave" was outside the scope of the order. See *Notice of Scope Rulings*, 70 FR 24533 (May 10, 2005). On February 9, 1998, in response to Creative Designs International, Ltd., the Department determined that "Naturally Pretty," a young girl's 10 piece dress-up vanity set, including two 3-inch pencils, was