

DEPARTMENT OF COMMERCE**Foreign-Trade Zones Board**

(Docket 1-2006)

Foreign-Trade Zone 43 Battle Creek, Michigan, Application for Subzone, Pfizer Inc, (Pharmaceutical Products), Kalamazoo, MI

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the City of Battle Creek, grantee of FTZ 43, requesting special-purpose subzone status for the manufacturing and warehousing facilities of Pfizer Inc (Pfizer), located in Kalamazoo, Michigan. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR part 400). It was formally filed on January 3, 2006.

The Pfizer facilities (3,900 employees) consist of two sites on 498 acres in Kalamazoo, Michigan: Site 1 (456 acres) is located at 7171 Portage Road; and Site 2 (42 acres) is located at 2605 E. Kilgore Road. The facilities are used for the manufacturing and warehousing of pharmaceutical, consumer health care and animal health care products. Initial zone savings will come from the manufacture of Gelfoam, Rogaine, Zyxov and Revolution (HTS 3006.10, 3305.90, 3004.90, duty-free).

Components and materials sourced from abroad represent some 6% of all parts consumed in manufacturing. The primary inverted tariff savings will come from the following components: aromatic butyric/valeric acids, derivatives of acyclic alcohols, heterocyclic compounds with oxygen and lactones (HTS 2905.59, 2915.60, 2932.29 and 2932.99, duty rates range from duty-free to 6.5%). The company has also indicated that future plant manufacturing could involve pharmaceutical products under the following HTS numbers: 2309, 2915, 2916, 2917, 2918, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2928, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2941, 2942, 3001, 3002, 3003, 3004, 3006, 3305, 3804, 3808, 3822, 3824, 3911, 3913, 3914, 9817. Potential pharmaceutical product components include the following categories: 0511, 1108, 1301, 1302, 1504, 1505, 1520, 1521, 1702, 2102, 2106, 2207, 2501, 2519, 2526, 2710, 2811, 2821, 2825, 2827, 2835, 2836, 2840, 2843, 2844, 2845, 2851, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2921, 2922, 2923, 2924, 2926, 2930, 2931, 2932,

2933, 2934, 2935, 2936, 2937, 2939, 2940, 2941, 2942, 3301, 3306, 3503, 3504, 3505, 3507, 3812, 3815, 3821, 3822, 3824, 3905, 3907, 3910, 3912, 3913, 3914, 3919, 3921, 3923, 4016, 4802, 4804, 4817, 4819, 4821, 4823, 4901, 4908, 4911, 5601, 7010, 7607, 8309, 9018, 9602. In addition, the application indicates that they may import products under Chapter 32 or 42 of the HTSUS, but that such products would be admitted to the subzone in domestic or privileged-foreign status.

FTZ procedures would exempt Pfizer from Customs duty payments on the foreign components used in export production. Some 35 percent of the plant's shipments are exported. On its domestic sales, Pfizer would be able to choose the duty rates during Customs entry procedures that apply to pharmaceutical products (duty-free) for the foreign inputs noted above. The request indicates that the savings from FTZ procedures would help improve the plant's international competitiveness.

In accordance with the Board's regulations, a member of the FTZ staff has been appointed examiner to investigate the application and report to the Board.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at one of the following addresses:

1. Submissions Via Express/Package Delivery Services: Foreign-Trade-Zones Board, U.S. Department of Commerce, Franklin Court Building—Suite 4100W, 1099 14th St. NW., Washington, DC 20005; or

2. Submissions Via the U.S. Postal Service: Foreign-Trade-Zones Board, U.S. Department of Commerce, FCB—Suite 4100W, 1401 Constitution Ave. NW., Washington, DC 20230.

The closing period for their receipt is March 13, 2006. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period (to March 28, 2006).

A copy of the application and accompanying exhibits will be available for public inspection at the Office of the Foreign-Trade Zones Board's Executive Secretary at the first address listed above, and at the U.S. Department of Commerce Export Assistance Center, 401 W. Fulton St., Suite 309-C, Grand Rapids, Michigan 49504.

Dated: January 3, 2006.

Dennis Puccinelli,

Executive Secretary.

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DEPARTMENT OF COMMERCE**International Trade Administration**

(A-533-820)

Certain Hot-Rolled Carbon Steel Flat Products From India: Preliminary Results of Antidumping Duty Administrative Review

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

SUMMARY: In response to requests by Essar Steel Ltd. (Essar), a producer/exporter of the subject merchandise, and by petitioners,¹ the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on certain hot-rolled carbon steel flat products (HRS) from India. This review covers one producer/exporter of the subject merchandise.

The Department has preliminarily determined that no dumping margin existed for the manufacturer/exporter during the POR. If these preliminary results are adopted in our final results of administrative review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries. Interested parties are invited to comment on these preliminary results of review. We will issue the final results of review no later than 120 days from the date of publication of this notice.

EFFECTIVE DATE: January 12, 2006.

FOR FURTHER INFORMATION CONTACT:

Howard Smith or Jeffrey Pedersen, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, telephone: (202) 482-5193 or (202) 482-2769, respectively.

SUPPLEMENTARY INFORMATION:**Background**

On December 3, 2001, the Department published in the **Federal Register** the antidumping duty order on HRS from India. See *Notice of Amended Final Antidumping Duty Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products from India*, 66 FR 60194 (December 3, 2001) (*Amended Final Determination*). On December 1, 2004, the Department published in the **Federal Register** a notice of "Opportunity to Request Administrative Review" of the

¹ The petitioners are United States Steel Corporation (U.S. Steel) and Nucor Corporation (Nucor).

antidumping duty order on HRS from India. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 69 FR 69889 (December 1, 2004). In accordance with 19 CFR § 351.213(b)(2), on December 30, 2004, Essar requested that the Department conduct an administrative review of its sales and entries of subject merchandise into the United States during the POR. Additionally, in accordance with 19 CFR § 351.213(b)(1), the petitioners requested that the Department conduct a review of Essar. On January 31, 2005, the Department initiated an administrative review of Essar. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 70 FR 4818 (January 31, 2005).

On January 6, 2005, the Department issued its antidumping questionnaire to Essar. On February 9, 2005, Essar requested that it be allowed to report comparison market sales for only a portion of the period of review (POR) (specifically, the 90/60 day window period surrounding the one U.S. sale made during the POR). On March 21, 2005, the Department allowed Essar to limit the reporting period for its comparison market sales to the period April 1, 2004, through November 30, 2004. *See memorandum to Holly A. Kuga regarding request for limited reporting periods*. In February and March 2005, Essar responded to the Department's antidumping questionnaire. The Department issued numerous supplemental questionnaires to Essar and received timely responses to each one. The petitioners submitted comments regarding Essar's questionnaire responses on May 20, 2005, and June 7, 2005.

Pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), the Department may extend the deadline for completion of an administrative review if it determines that it is not practicable to complete the review within the statutory time limit of 245 days. On August 24, 2005, the Department extended the time limit for the preliminary results of review until January 3, 2005. *See Certain Hot-Rolled Carbon Steel Flat Products from India: Notice of Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 49556 (August 24, 2005).

During November 2005, the Department conducted a verification of Essar. The Department is conducting this administrative review in accordance with section 751 of the Act.

Period of Review

The POR is December 1, 2003, through November 30, 2004.

Scope of the Order

The products covered by the antidumping duty order are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of the order.

Specifically included within the scope of the order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of the order, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 2.25 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or

0.15 percent of vanadium, or
0.15 percent of zirconium.

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

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

The merchandise subject to the order is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by the order, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel

may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.

Verification

As provided in section 782(i) of the Act, the Department conducted a verification of the sales and cost information provided by Essar. The Department conducted this verification using standard verification procedures, including on-site inspection of the manufacturer's facilities, examination of relevant sales, cost, production and financial records, and selection of relevant source documentation as exhibits. The Department's verification findings are identified in the sales and cost verification memoranda dated December 27, 2005, the public versions of which are on file in the Central Records Unit (CRU), room B099 of the main Commerce building.

Date of Sale

Essar reported the invoice date for both its home market and U.S. sales to be the date of sale. Although the Department maintains a presumption that the invoice date is the date of sale (19 CFR § 351.401(i)), “if the Department is presented with satisfactory evidence that the material terms of sale are finally established on a date other than the date of invoice, the Department will use that alternative date as the date of sale.” See *Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27349 (May 19, 1997) (Preamble). The record evidence does not indicate that the material terms of home market sales are finally established on a date other than the date of the invoice. Thus, the Department is preliminarily using the invoice date as the date of Essar's home market sales. However, with respect to Essar's U.S. sale, the Department found no evidence of changes to the material terms of sale after the contract date (e.g., changes to the price, quantity, production or shipment schedules). Therefore, the Department is preliminarily using the contract date as the date of Essar's U.S. sale. This is

consistent with the Department's finding in the most recently completed review in this proceeding. See *Certain Hot-Rolled Carbon Steel Flat Products from India: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review*, 68 FR 74209 (December 23, 2003) (unchanged in the final results) (*First Hot-Rolled Review Prelim*).

Sales Outside the Ordinary Course of Trade

Essar reported that some of its home market sales during the POR were sales of overrun merchandise (i.e., sales of a greater quantity of HRS than the customer ordered due to overproduction). At verification, we reviewed two types of overrun sales: (1) Sales of products on which neither Essar nor Essar's affiliate, ClickforSteel Services Limited (CFS), provide quality assurances (“as is” sales); and (2) overproduction sold through CFS (CFS overruns). See the Essar Verification Report, dated December 27, 2005. Section 773(a)(1)(B) of the Act provides that normal value (NV) shall be based on the price at which the foreign like product is first sold, *inter alia*, in the ordinary course of trade. Section 771(15) of the Act defines “ordinary course of trade” as the “conditions and practices which, for a reasonable time prior to the exportation of the subject merchandise, have been normal in the trade under consideration with respect to merchandise of the same class or kind.” In past cases, the Department has examined certain factors to determine whether “overrun” sales are in the ordinary course of trade. See, e.g. *Notice of Final Determination of Sales at Less Than Fair Value; Certain Hot-Rolled, Flat-Rolled, Carbon Quality Steel Products from Brazil*, 64 FR 38756, 38770 (July 19, 1999). These factors include: (1) Whether the merchandise is “off-quality” or produced according to unusual specifications; (2) the comparative volume of sales and the number of buyers in the comparison market; (3) the average quantity of an overrun sale compared to the average quantity of a commercial sale; and (4) price and profit differentials in the comparison market. Based on our analysis of these factors and the terms of sale, we preliminarily determine that “as is” sales are not ordinary as compared to Essar's other home market sales of HRS. Therefore, we preliminarily determine that the “as is” sales are outside the ordinary course of trade. However, for the CFS overruns, based on the same analysis, we preliminarily determine that these sales were made in the ordinary course of

trade. Because our analysis makes use of business proprietary information, we have included the analysis in a separate memorandum. See Memorandum to the File from the Team Concerning Sales Outside the Ordinary Course of Trade: Essar Steel Limited, dated concurrently with this notice.

Comparison Methodology

In order to determine whether Essar sold HRS to the United States at prices less than NV, the Department compared the export price (EP) of the U.S. sale to the monthly weighted-average NV of sales of foreign like product made in the ordinary course of trade. See section 777A(d)(2) of the Act; see also section 773(a)(1)(B)(i) of the Act. In accordance with section 771(16) of the Act, the Department considered all products within the scope of the order under review that Essar sold in the comparison market during the POR to be foreign like products for purposes of determining appropriate product comparisons to HRS sold in the United States. The Department compared the U.S. sale to sales made in the comparison market within the contemporaneous window period, which extends from three months prior to the U.S. sale until two months after the sale. Where there were no sales of identical merchandise made in the comparison market in the ordinary course of trade, the Department compared the U.S. sale to sales of the most similar foreign like product made in the ordinary course of trade. In making product comparisons, the Department selected identical and most similar foreign like products based on the physical characteristics reported by Essar in the following order of importance: Painted or not painted; quality; carbon content; yield strength; thickness; width; cut-to-length or coil; tempered or not tempered; pickled or not pickled; edge trim; and with or without patterns in relief. Generally, where there are no appropriate sales of foreign like product to compare to a U.S. sale, we compare the price of the U.S. sale to constructed value (CV), in accordance with section 773(a)(4) of the Act. In the instant review, however, there was no need to compare the price of the U.S. sale to CV, as there were comparable sales of the foreign like product in the home market.

Level of Trade

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 sale (there were no constructed export price (CEP) sales during the POR). 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 selling, general, and administrative (SG&A) expenses and profit. For EP sales, the U.S. LOT is also the level of the starting price sale, which is usually from the exporter to the importer.

To determine whether NV sales are at a different LOT than the EP sales, 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 a LOT adjustment under section 773(a)(7)(A) of the Act.

In determining whether separate LOTs existed in this review, we obtained information from Essar regarding the marketing stages for the reported U.S. and comparison market sales, including a description of the selling activities performed by Essar for each channel of distribution. Generally, if the reported LOTs are the same, the functions and activities of the seller at each level should be similar. Conversely, if a party reports that LOTs are different for different groups of sales, the selling functions and activities of the seller for each group should be dissimilar.

Essar reported that, during the POR, it sold HRS through two channels of distribution in the home market and one channel of distribution in the United States. Based upon our analysis of the selling functions performed by Essar, we preliminarily determine that Essar sold foreign like product and subject merchandise at the same LOT. Because our analysis makes use of business proprietary information, we have included the analysis in a separate memorandum. See Memorandum to the File from the Team Concerning Level of Trade Analysis, dated concurrently with this notice.

Export Price

The Department based the price of Essar's U.S. sale of subject merchandise on EP, as defined in section 772(a) of the Act, because, prior to importation, the merchandise was sold to an unaffiliated purchaser in the United States. We calculated EP using prices charged to the unaffiliated customer in the United States. In accordance with section 772(c)(2)(A) of the Act, in calculating EP, we made deductions

from the starting price, where applicable, for foreign movement expenses (including brokerage and handling and inland freight), international freight, U.S. movement expenses, U.S. duties and importer handling fees. Based on our verification findings, we revised the shipment date for the U.S. sale. For details regarding this revision, see the Essar Verification Report, dated December 27, 2005, and the Analysis Memorandum for Essar Steel Ltd., dated concurrently with this notice.

Duty Drawback

Essar claimed an adjustment for duty drawback under the Duty Free Remission Certificate (DFRC) program. The Department applies a two-pronged test to determine whether to allow a duty drawback adjustment pursuant to section 772(c)(1)(B) of the Act. Specifically, the Department allows a duty drawback adjustment if it finds that: (1) Import duties and rebates are directly linked to, and are dependent upon, one another, and (2) the company claiming the adjustment can demonstrate that there are sufficient imports of raw materials to account for the duty drawback received on exports of the manufactured product. See *Steel Wire Rope from the Republic of Korea; Final Results of Antidumping Duty Administrative Review*, 61 FR 55965, 55968 (October 30, 1996).

Essar failed to demonstrate that it received a duty drawback from the Government of India under the DFRC program. Specifically, as of June 17, 2005, Essar had not imported materials or received an exemption, under its DFRC license. See Essar's June 17, 2005 supplemental questionnaire response at 4. Since Essar did not provide evidence of imports of raw materials under the DFRC program, pursuant to section 772(c)(1)(B) of the Act, we have not increased U.S. price by the amount of drawback claimed by Essar.

Normal Value

After testing home market viability, whether sales to affiliates were at arm's length, and whether home market sales were at below-cost prices, we calculated NV for Essar as noted in the "Price-to-Price Comparisons" section of this notice.

A. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, in order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, whether the aggregate volume of home market sales

of the foreign like product is greater than or equal to five percent of the aggregate volume of U.S. sales), we compared the aggregate volume of Essar's home market sales of the foreign like product to the aggregate volume of its U.S. sale of subject merchandise. Because the aggregate volume of Essar's home market sales of foreign like product is more than five percent of the aggregate volume of its U.S. sale of subject merchandise, we based NV on sales of the foreign like product in Essar's home market. See section 773(a)(1)(C) of the Act.

B. Affiliated-Party Transactions and Arm's-Length Test

Essar reported sales of the foreign like product to affiliated end-users and resellers. The Department may calculate NV based on a sale to an affiliated party only if it is satisfied that the price charged to the affiliated party is comparable to the price at which sales were made to parties not affiliated with the exporter or producer, *i.e.*, sales at arm's-length. See 19 CFR § 351.403(c). Sales to affiliated customers for consumption in the home market that are determined not to be at arm's-length are excluded from our analysis. Pursuant to 19 CFR § 351.403(c), and in accordance with the Department's practice, when the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise comparable to that sold to the affiliated party, we determined that the sales to the affiliated party were at arm's-length prices. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69187 (November 15, 2002).

To test whether Essar's sales to its affiliates were made at arm's-length prices, the Department compared the prices of sales of comparable merchandise to affiliated and unaffiliated customers, net of all rebates, movement charges, direct selling expenses, and packing. We included in our NV calculations those sales to affiliated parties that were made at arm's length prices. For Essar's sales to affiliates that did not pass the arm's length test, we have relied on the downstream sales of foreign like product to the first unaffiliated customer.

C. Cost of Production (COP) Analysis

In the most recently completed administrative review, the Department determined that Essar sold foreign like product at prices below the cost of producing the merchandise and excluded such sales from the

calculation of NV. *See First Hot-Rolled Review Prelim* (unchanged in the final results). As a result, the Department determined that there are reasonable grounds to believe or suspect that during the instant POR, Essar sold foreign like product at prices below the cost of producing the merchandise. *See* section 773(b)(2)(A)(ii) of the Act. Therefore, the Department initiated a sales below cost inquiry with respect to Essar.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, for each unique foreign like product sold by Essar during the POR, we calculated a weighted-average COP based on the sum of Essar's materials and fabrication costs, and general and administrative expenses, including interest expenses. We relied on the costs submitted by Essar except for the following items: cost variance, material costs, energy costs, pellet costs, fixed costs, and interest expense. We adjusted material costs to reflect the import duties normally associated with imported raw material. *See Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review* 68 FR 6889 (February 11, 2003). Essar did not include these duties in the reported costs because it imported the raw materials under the Duty Entitlement Passbook Scheme. Pursuant to section 773(f)(3) of the Act, we adjusted energy and pellet costs to reflect the per-unit prices that Essar's suppliers charged their unaffiliated customers during the POR (Essar is affiliated to its electricity and pellets suppliers). Pursuant to section 773(f)(2) of the Act, we increased the reported interest expense to reflect imputed interest on certain debt that Essar owed parties with which it is affiliated. This approach is consistent with the Department's practice. *See Notice of Final Results of the Eight Administrative Review of the Antidumping Duty Order on Certain Pasta from Italy and Determination to Revoke in Part* 70 FR 71464 (November 29, 2005) and accompanying *Issues and Decision Memorandum* at Comment 10 ("It is the Department's practice to impute interest expense on affiliated party loans not granted at market interest rates."). For details regarding these revisions, see the Essar Verification Report, dated December 27, 2005, and the Analysis Memorandum for Essar Steel Ltd., dated concurrently with this notice.

2. Test of Comparison Market Sales Prices

In order to determine whether sales were made at prices below the COP, on a product-specific basis we compared Essar's weighted-average COPs, adjusted as noted above, to the prices of its comparison market sales of foreign like product, as required under section 773(b) of the Act. In accordance with sections 773(b)(1)(A) and (B) of the Act, in determining whether to disregard comparison market sales made at prices less than the COP we examined whether such sales were made: (1) In substantial quantities within an extended period of time; and (2) at prices which permitted the recovery of all costs within a reasonable period of time. We compared the COP to comparison market sales prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

3. Results of the COP Test

Pursuant to section 773(b)(1) of the Act, where less than 20 percent of a respondent's sales of a given product were made at prices less than the COP, we did not disregard any below-cost sales of that product because the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product were made at prices less than the COP during the POR, we determined such sales to have been made in "substantial quantities" and within an extended period of time pursuant to sections 773(b)(1)(A) of the Act. In such cases, because we used POR average costs, we also determined, in accordance with section 773(b)(1)(B) of the Act, that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time. Based on this test, we identified and disregarded certain below-cost sales by Essar.

Price-to-Price Comparisons

We calculated NVs for Essar using the prices at which the foreign like product was first sold for consumption in the home market, in the usual commercial quantities, in the ordinary course of trade, and, to the extent possible, at the same LOT as the comparison U.S. sale.

For Essar, we based NV on the prices of its sales to unaffiliated customers and those sales to affiliated parties that were made at arm's length prices in its home market, India. We made price adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. In accordance with sections 773(a)(6)(A), (B), and (C)

of the Act, where appropriate, we deducted from the starting price movement expenses, home market packing costs, credit expenses and other direct selling expenses and added U.S. packing costs, credit expenses, and other direct selling expenses. In addition, where applicable, pursuant to 19 CFR § 351.410 (e), we made a reasonable allowance for other selling expenses where commissions were paid in only one of the markets under consideration. Based on our verification findings, we revised gross unit price, returns, rebates, quality claims, other credit note adjustments, credit expenses, indirect selling expenses, and brokerage and handling expenses reported by Essar. For details regarding these revisions, see the Essar Verification Report, dated December 27, 2005, and the Analysis Memorandum for Essar Steel Ltd., dated concurrently with this notice.

Currency Conversion

Pursuant to section 773A(a) of the Act, we converted amounts expressed in foreign currencies into U.S. dollar amounts based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

Preliminary Results of Review

As a result of this review, we have preliminarily determined that the following weighted-average dumping margin exists for the period December 1, 2003, through November 30, 2004:

Manufacturer/Exporter	Margin (percent)
Essar Steel Limited	0.00

Public Comment

Within 10 days of publicly announcing the preliminary results of this review, we will disclose to interested parties any calculations performed in connection with the preliminary results. *See* 19 CFR § 351.224(b). Any interested party may request a hearing within 30 days of the publication of this notice in the **Federal Register**. *See* 19 CFR § 351.310(c). If requested, a hearing will be held 44 days after the date of publication of this notice in the **Federal Register**, or the first business day thereafter. Interested parties are invited to comment on the preliminary results of this review. The Department will consider case briefs filed by interested parties within 30 days after the date of publication of this notice in the **Federal Register**. Also, interested parties may file rebuttal briefs, limited to issues raised in the case briefs. The Department will consider rebuttal briefs filed not later

than five days after the time limit for filing case briefs. Parties who submit arguments are requested to submit with each argument: (1) A statement of the issue, (2) a brief summary of the argument and (3) a table of authorities. Further, we request that parties submitting written comments provide the Department with a diskette containing an electronic copy of the public version of such comments. Unless the deadline for issuing the final results of review is extended, the Department will issue the final results of this administrative review, including the results of its analysis of issues raised in the written comments, within 120 days of publication of the preliminary results in the **Federal Register**.

Assessment Rates

Upon completion of this administrative review, the Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR § 351.212(b)(1), we calculated an importer-specific assessment rate for Essar's subject merchandise. If the importer-specific assessment rate is above de minimis, we will instruct CBP to assess the importer-specific rate uniformly on all entries made during the POR. The Department will issue appropriate assessment instructions directly to the CBP within 15 days of publication of the final results of review. If these preliminary results are adopted in the final results of review, we will direct CBP to assess the resulting assessment rate against the actual entered customs values for the subject merchandise on the importer entries during the review period.

Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Essar will be the rate 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 investigated or reviewed companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the less than fair value (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 subject merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be the "all others" rate of 38.72 percent, which is the "all others" rate established in the LTFV investigation. *See Amended Final Determination*. These cash deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR § 351.402(f)(2) 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 the antidumping duties occurred and the subsequent assessment of double antidumping duties.

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: December 27, 2006.

Stephen J. Claeys,

Assistant Secretary for Import Administration.

[FR Doc. E6-238 Filed 1-11-06; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

(A-122-838)

Certain Softwood Lumber Products from Canada: Extension of the Time Limit for the Preliminary Results of Antidumping Duty Administrative Review

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

EFFECTIVE DATE: January 12, 2006.

FOR FURTHER INFORMATION CONTACT: Constance Handley or David Layton, at (202) 482-0631 or (202) 482-0371, respectively; AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On June 30, 2005, the Department of Commerce (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 1, 2004, through April 30, 2005. *See Notice of Initiation of Antidumping Duty Administrative Review*, 70 FR 37749. The preliminary results are currently due no later than January 31, 2006. The review covers over four hundred producers/exporters of subject merchandise to the United States, of which eight are being individually examined.

Extension of Time Limit for Preliminary Results of Review

Section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act), requires the Department of Commerce (the Department) to complete the preliminary results of an administrative review within 245 days after the last day of the anniversary month of an order/finding for which a review is requested. However, if it is not practicable to complete the review within these time periods, section 751(a)(3)(A) of the Act allows the Department to extend the time limit for the preliminary results to a maximum of 365 days after the last day of the anniversary month of an order/finding for which a review is requested.

We determine that it is not practicable to complete the preliminary results of this review within the original time limit due to a number of complex issues which must be addressed prior to the issuance of those results. For the first time in this proceeding, the Department employed a sampling methodology in selecting respondents. In order to obtain necessary information and to afford parties opportunities to comment on the Department's selection methodology, the Department did not conduct its respondent selection sampling procedure until November 23, 2005. *See* section 777A(b) of the Act (where the Department determines to limit the selection of respondents by sampling, the Department "shall, to the greatest extent possible, consult with the exporters and producers regarding the method used to select exporters, producers or types of products"). Consequently, the Department requires additional time to analyze the parties' questionnaire responses, including the complex corporate structures and affiliations of the eight respondents in this review, issue any necessary supplemental questionnaires and conduct verifications.

Accordingly, the Department is extending the time limit for completion of the preliminary results of this administrative review until no later than