

deposit rate for all other manufacturers or exporters will be 83.85 percent, the all-others rate established in the *Implementation of the Findings of the WTO Panel in US--Zeroing (EC): Notice of Determinations Under Section 129 of the Uruguay Round Agreements Act and Revocations and Partial Revocations of Certain Antidumping Duty Orders*, 72 FR 25261 (May 4, 2007). These deposit requirements shall remain in effect until further notice.

#### Notification to Importers

This notice serves as a final 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 antidumping duties occurred and the subsequent assessment of double antidumping duties.

#### Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing these final results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 30, 2007.

**Stephen J. Claeys,**

*Acting Assistant Secretary for Import Administration.*

#### Appendix – Issues in Decision Memorandum

##### Issues

1. Average vs. Specific Material Costs
2. Calculation of Conversion Costs
3. Calculation of the All-Others Rate

[FR Doc. E7-15204 Filed 8-3-07; 8:45 am]

**BILLING CODE 3510-DS-S**

## DEPARTMENT OF COMMERCE

### International Trade Administration

**A-201-822**

#### **Stainless Steel Sheet and Strip in Coils from Mexico; Preliminary Results of Antidumping Duty Administrative Review**

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

**SUMMARY:** In response to requests from respondent ThyssenKrupp Mexinox S.A. de C.V. (Mexinox S.A.) and Mexinox USA, Inc. (Mexinox USA) (collectively, Mexinox) and petitioners,<sup>1</sup> the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (S4 in coils) from Mexico. This administrative review covers imports of subject merchandise from Mexinox S.A. during the period July 1, 2005 to June 30, 2006.

We preliminarily determine that sales of S4 in coils from Mexico have been made below normal value (NV). If these preliminary results are adopted in our final results of administrative review, we will instruct United States Customs and Border Protection (CBP) to assess antidumping duties based on the difference between the constructed export price (CEP) and NV. Interested parties are invited to comment on these preliminary results. Parties who submit argument in these proceedings are requested to submit with the argument: 1) a statement of the issues, 2) a brief summary of the argument, and 3) a table of authorities.

**EFFECTIVE DATE:** August 6, 2007.

#### **FOR FURTHER INFORMATION CONTACT:**

Maryanne Burke or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-5604 or (202) 482-0649, respectively.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On July 27, 1999, the Department published in the **Federal Register** the *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from Mexico*, 64 FR 40560 (July 27, 1999). On

July 3, 2006, the Department published a notice entitled *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 71 FR 37890 (July 3, 2006), covering, *inter alia*, S4 in coils from Mexico for the period July 1, 2005 through June 30, 2006.

In accordance with 19 CFR 351.213(b)(1), Mexinox and petitioners requested that the Department conduct an administrative review. On August 30, 2006, we published in the **Federal Register** a notice of initiation of this antidumping duty administrative review covering the period July 1, 2005 through June 30, 2006. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 71 FR 51573 (August 30, 2006).

On September 13, 2006, the Department issued an antidumping duty questionnaire to Mexinox. Mexinox submitted its response to section A of the questionnaire on October 13, 2006, and its response to sections B through E of the questionnaire on November 20, 2006. On March 9, 2007, the Department issued its first supplemental questionnaire for sections A through C. Mexinox responded to this first supplemental questionnaire on April 10, 2007. The Department also issued a supplemental questionnaire for section D on April 25, 2007, to which Mexinox responded on May 21, 2007. On May 7, 2007, the Department issued a second supplemental questionnaire for sections A through C, as well as for section E, which pertains to an affiliated U.S. reseller, Ken-Mac Metals (Ken-Mac). Mexinox filed its response to this second supplemental questionnaire on May 21, 2007. Finally, the Department issued a second supplemental questionnaire covering section D on June 26, 2007, to which Mexinox responded on July 3, 2007.

Because it was not practicable to complete this review within the normal time frame, on February 20, 2007, we published in the **Federal Register** our notice of the extension of time limits for this review. *See Stainless Steel Sheet and Strip in Coils from Mexico; Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 72 FR 7764 (February 20, 2007). This extension established the deadline for these preliminary results as July 31, 2007.

##### **Period of Review**

The period of review (POR) is July 1, 2005 through June 30, 2006.

<sup>1</sup> Petitioners are Allegheny Ludlum Corporation, United Auto Workers Local 3303, Zanesville Armco Independent Organization, Inc. and the United Steelworkers of America.

### Scope of the Order

For purposes of this order, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.*, cold-rolled, polished, aluminized, coated, *etc.*) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings:

7219.13.00.31, 7219.13.00.51, 7219.13.00.71, 7219.13.00.81, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80.

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

Excluded from the scope of this order are the following: 1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; 2) sheet and strip that is cut to length; 3) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more); 4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not

more than 9.5 mm); and 5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See Chapter 72 of the HTSUS, "Additional U.S. Note" 1(d).

In response to comments by interested parties, the Department has determined that certain specialty stainless steel products are also excluded from the scope of this order. These excluded products are described below.

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves for compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no

more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."<sup>2</sup>

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as "Gilphy 36."<sup>3</sup>

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after

<sup>2</sup> "Arnokrome III" is a trademark of the Arnold Engineering Company.

<sup>3</sup> "Gilphy 36" is a trademark of Imphy, S.A.

aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."<sup>4</sup>

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).<sup>5</sup> This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is "GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6."<sup>6</sup>

### Verification

As provided in section 782(i) of the Tariff Act of 1930, as amended (the Tariff Act), we verified sales information provided by Mexinox, using standard verification procedures such as the examination of relevant sales and financial records. We will issue our verification report and allow parties to

comment on the findings of that report prior to the issuing of our final results.

### Sales Made Through Affiliated Resellers

#### A. U.S. Market

Mexinox USA, a wholly owned subsidiary of Mexinox S.A., which in turn is a subsidiary of ThyssenKrupp AG, sold subject merchandise in the United States during the POR to unaffiliated customers. Mexinox USA also made sales of subject merchandise to U.S. affiliate Ken-Mac. Ken-Mac is an operating division of ThyssenKrupp Materials Inc., which is a subsidiary of ThyssenKrupp USA, Inc., the primary holding company for ThyssenKrupp AG in the U.S. market. Ken-Mac purchased subject merchandise from Mexinox USA and further manufactured and/or resold the subject merchandise to unaffiliated customers in the United States. See Mexinox's October 13, 2006 section A questionnaire response at A-11, A-20 and A-27 through A-28. For purposes of this review, we have included both Mexinox USA's and Ken-Mac's sales of subject merchandise to unaffiliated customers in the United States in our margin calculation.

#### B. Home Market

Mexinox Trading, S.A. de C.V. (Mexinox Trading), a wholly owned subsidiary of Mexinox S.A., resold the foreign like product as well as other merchandise in the home market. Mexinox S.A.'s sales to Mexinox Trading represented a small portion of Mexinox S.A.'s total sales of the foreign like product in the home market and constituted less than five percent of all home market sales. See, e.g., Mexinox's October 13, 2006 section A questionnaire response at A-3 through A-4, and its May 21, 2007 supplemental questionnaire response covering sections A through C and E at Attachment A-28-B (quantity and value chart). Because sales to Mexinox Trading of the foreign like product were below the five-percent threshold established under 19 CFR 351.403(d), we did not require Mexinox S.A. to report Mexinox Trading's downstream sales to its first unaffiliated customer. This is consistent with our practice to date and the methodology we have employed in past administrative reviews of S4 in coils from Mexico. See, e.g., *Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review*, 71 FR 76978 (December 22, 2006) (2004-2005 Final Results), and *Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of*

*Antidumping Duty Administrative Review*, 70 FR 73444 (December 12, 2005), and accompanying Issues and Decisions Memorandum at Comment 2 (2003-2004 Final Results).

### Fair Value Comparisons

To determine whether sales of S4 in coils from Mexico to the United States were made at less than normal value, we compared CEP sales made in the United States by both Mexinox USA and Ken-Mac to unaffiliated purchasers to NV as described in the "Constructed Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(2) of the Tariff Act, we compared individual CEPs to monthly weighted-average NVs.

### Product Comparisons

In accordance with section 771(16) of the Tariff Act, we considered all products produced by Mexinox S.A. covered by the description in the "Scope of the Order" section above, and sold in the home market during the POR, to be foreign like product for purposes of determining appropriate product comparisons to U.S. sales. We relied on nine characteristics to match U.S. sales of subject merchandise to comparison sales of the foreign like product (listed in order of priority): 1) grade; 2) cold/hot rolled; 3) gauge; 4) surface finish; 5) metallic coating; 6) non-metallic coating; 7) width; 8) temper; and 9) edge trim. Where there were no sales of identical merchandise in the home market 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 and reporting instructions listed in the Department's original September 13, 2006 questionnaire.

### Level of Trade

In accordance with section 773(a)(1)(B) of the Tariff Act, to the extent practicable, we base NV on sales made in the comparison market at the same level of trade (LOT) as the export transaction. The NV LOT is based on the starting price of sales in the home market or, when NV is based on constructed value (CV), that of the sales from which selling, general, and administrative (SG&A) expenses and profit are derived. With respect to CEP transactions in the U.S. market, the CEP LOT is defined as the level of the constructed sale from the exporter to the importer. See section 773(a)(7)(A) of the Tariff Act.

To determine whether NV sales are at a different LOT than CEP sales, we examine stages in the marketing process and selling functions along the chain of

<sup>4</sup> "Durphynox 17" is a trademark of Imphy, S.A.

<sup>5</sup> This list of uses is illustrative and provided for descriptive purposes only.

<sup>6</sup> "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

distribution between the producer and the customer. See 19 CFR 351.412(c)(2). 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 Tariff Act. 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 Tariff Act (the CEP offset provision). See, e.g., *Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada*, 67 FR 8781 (February 26, 2002), and accompanying Issues and Decisions Memorandum at Comment 8; see also *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil: Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 17406, 17410 (April 6, 2005), unchanged in *Notice of Final Results of Antidumping Duty Administrative Review of Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil*, 70 FR 58683 (October 7, 2005). For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and CEP profit under section 772(d) of the Tariff Act. See *Micron Technology, Inc. v. United States*, 243 F.3d 1301, 1314–1315 (Fed. Cir. 2001). We expect that if the claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that the LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. See *Porcelain-on-Steel Cookware from Mexico: Final Results of Administrative Review*, 65 FR 30068 (May 10, 2000), and accompanying Issues and Decisions Memorandum at Comment 6.

We obtained information from Mexinox regarding the marketing stages involved in making its reported home market and U.S. sales to both affiliated and unaffiliated customers. Mexinox provided a description of all selling activities performed, along with a flowchart and tables comparing the LOTs among each channel of distribution and customer category for both markets. See Mexinox's October 13, 2006 section A questionnaire response at A–30 through A–37 and Attachments A–4–A through A–4–C; see also Mexinox's April 10, 2007

supplemental questionnaire response at pages 20 through 22 and Attachments A–20 and A–21.

Mexinox sold S4 in coils to end-users and retailers/distributors in the home market and to end-users and distributors/service centers in the United States. For the home market, Mexinox identified two channels of distribution described as follows: 1) direct shipments (i.e., products produced to order) and 2) sales from inventory. Within each of these two channels of distribution, Mexinox S.A. made sales to affiliated and unaffiliated distributors/retailers and end-users. See Mexinox's October 13, 2006 section A questionnaire response at A–3 and A–24 through A–25. We reviewed the intensity of all selling functions Mexinox claimed to perform for each channel of distribution and customer category. For certain activities, such as pre-sale technical assistance, processing of customer orders, sample analysis, prototypes and trial lots, freight and delivery, price negotiation/customer communications, sales calls and visits, and warranty services, the level of performance for both direct shipments and sales through inventory was identical across all types of customers. Only a few functions exhibited differences, including inventory maintenance/just-in-time performance, further processing, credit and collection, low volume orders and shipment of small packages. See Mexinox's April 10, 2007 supplemental questionnaire response at Attachment A–20. While we find differences in the levels of intensity performed for some of these functions, such differences are minor and do not establish distinct, multiple LOTs in Mexico. Based on our analysis of all of Mexinox S.A.'s home market selling functions, we find all home market sales were made at the same LOT, the NV LOT.

We then compared the NV LOT, based on the selling activities associated with the transactions between Mexinox S.A. and its customers in the home market, to the CEP LOT, which is based on the selling activities associated with the transaction between Mexinox S.A. and its affiliated importer, Mexinox USA. Our analysis indicates the selling functions performed for home market customers are either performed at a higher degree of intensity or are greater in number than the selling functions performed for Mexinox USA. See Mexinox's October 13, 2006 questionnaire response at A–30 through A–37 and Attachments A–4–A through A–4–C; see also Mexinox's April 10, 2007 supplemental questionnaire response at Attachment A–20. For

example, in comparing Mexinox's selling activities, we find there are more functions performed in the home market which are not a part of CEP transactions (e.g., pre-sale technical assistance, sample analysis, prototypes and trial lots, price negotiation/customer communications, sales calls and visits, credit and collection, and warranty services). For selling activities performed for both home market sales and CEP sales (e.g., processing customer orders, freight and delivery arrangements), we find Mexinox S.A. actually performed each activity at a higher level of intensity in the home market. Based on Mexinox's responses, we note that CEP sales from Mexinox S.A. to Mexinox USA generally occur at the beginning of the distribution chain, representing essentially a logistical transfer of inventory that resembles ex-factory sales. In contrast, all sales in the home market occur closer to the end of the distribution chain and involve smaller volumes and more customer interaction which, in turn, require the performance of more selling functions. See Mexinox's October 13, 2006 questionnaire response at A–30 through A–37 and Attachments A–4–A through A–4–C; see also Mexinox's April 10, 2007 supplemental questionnaire response at Attachment A–20. Based on the foregoing, we conclude that the NV LOT is at a more advanced stage than the CEP LOT.

Because we found the home market and U.S. sales were made at different LOTs, we examined whether an LOT adjustment or a CEP offset may be appropriate in this review. As we found only one LOT in the home market, it was not possible to make an LOT adjustment to home market sales, because such an adjustment is dependent on our ability to identify a pattern of consistent price differences between the home market sales on which NV is based and home market sales at the LOT of the export transaction. See 19 CFR 351.412(d)(1)(ii). Furthermore, we have no other information that provides an appropriate basis for determining an LOT adjustment. Because the data available do not form an appropriate basis for making an LOT adjustment, and because the NV LOT is at a more advanced stage of distribution than the CEP LOT, we have made a CEP offset to NV in accordance with section 773(a)(7)(B) of the Tariff Act.

#### Constructed Export Price

Mexinox indicated it made CEP sales through its U.S. affiliate, Mexinox USA, in the following four channels of distribution: 1) direct shipments to

unaffiliated customers; 2) stock sales from the San Luis Potosi (SLP) factory; 3) sales to unaffiliated customers through Mexinox USA's warehouse inventory; and 4) sales through Ken-Mac. See Mexinox's October 13, 2006 section A questionnaire response at A-25 through A-27. Ken-Mac is an affiliated service center located in the United States which purchases S4 in coils produced by Mexinox S.A. and then resells the merchandise (after, in some instances, further manufacturing) to unaffiliated U.S. customers.

In accordance with section 772(b) of the Tariff Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter. We find Mexinox properly classified all of its U.S. sales of subject merchandise as CEP transactions because such sales were made in the United States through Mexinox USA or Ken-Mac to unaffiliated purchasers. We based CEP on packed prices to unaffiliated purchasers in the United States sold by Mexinox USA or its affiliated reseller, Ken-Mac. We accounted for billing adjustments, discounts and rebates where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act. These expenses included, where appropriate: foreign inland freight, foreign brokerage and handling, inland insurance, U.S. customs duties, U.S. inland freight, U.S. brokerage, and U.S. warehousing expenses. As directed by section 772(d)(1) of the Tariff Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (*i.e.*, credit costs, warranty expenses, and a certain expense of proprietary nature), commissions, inventory carrying costs, and other indirect selling expenses. We also made an adjustment for profit in accordance with section 772(d)(3) of the Tariff Act. We used the expenses as reported by Mexinox, with the exception of the U.S. indirect selling expense ratio which we recalculated. See "Analysis of Data Submitted by ThyssenKrupp Mexinox S.A. de C.V. for the Preliminary Results of the Antidumping Duty Administrative Review of S4 in Coils from Mexico" (Preliminary Analysis Memorandum) from Maryanne Burke to the File dated July 31, 2007.

For sales in which the material was sent to an unaffiliated U.S. processor,

we made an adjustment based on the transaction-specific further-processing expenses incurred by Mexinox USA. In addition, the U.S. affiliated reseller Ken-Mac performed some further manufacturing for its sales to unaffiliated U.S. customers. For these sales, we deducted the cost of further processing in accordance with section 772(d)(2) of the Tariff Act. In calculating the cost of further manufacturing for Ken-Mac, we relied upon Ken-Mac's reported cost of further manufacturing materials, labor and overhead. We also included amounts for further manufacturing general and administrative expenses (G&A), as reported in Mexinox's May 21, 2007 supplemental section D questionnaire response. See the Department's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results - ThyssenKrupp Mexinox S.A. de C.V. from Frederick Mines to Neal M. Halper, dated July 31, 2007 (Cost Calculation Memorandum), and Preliminary Analysis Memorandum.

#### Normal Value

##### A. Selection of Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared Mexinox's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(B) of the Tariff Act. Because Mexinox's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for subject merchandise, we determined the home market was viable. See, *e.g.*, Mexinox's May 21, 2007 supplemental questionnaire response covering sections A through C and E at Attachment A-28-B.

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

Sales to affiliated customers in the home market not made at arm's-length prices are excluded from our analysis because we consider them to be outside the ordinary course of trade. See section 773(f)(2) of the Tariff Act; see, also 19 CFR 351.102(b). Consistent with 19 CFR 351.403(c) and (d) and agency practice to date, "the Department may calculate NV based on sales to affiliates if satisfied that the transactions were made at arm's length." See *China Steel*

*Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003). To test whether the sales to affiliates were made at arm's-length prices, we compared, on a model-specific basis, the starting prices of sales to affiliated and unaffiliated customers, net of all direct selling expenses, billing adjustments, discounts and rebates, movement charges and packing. Where prices to the affiliated party were, on average, within a range of 98 to 102 percent of the price of identical or comparable merchandise to the unaffiliated parties, we determined that the sales made to the affiliated party were at arm's length. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002). We found one affiliated home market customer failed the arm's-length test and, in accordance with the Department's practice, we excluded sales to this affiliate from our analysis.

##### C. Cost of Production Analysis

Because we disregarded sales of certain products made at prices below the cost of production (COP) in the most recently completed review for Mexinox of S4 in coils from Mexico (*see 2003-2004 Final Results*), we had reasonable grounds to believe or suspect that sales of the foreign like product under consideration for the determination of NV in this review for Mexinox may have been made at prices below the COP, as provided by section 773(b)(2)(A)(ii) of the Tariff Act. Pursuant to section 773(b)(1) of the Tariff Act, we initiated a COP investigation of sales by Mexinox. We relied on home market sales and COP information provided by Mexinox in its questionnaire responses, except where noted below:

ThyssenKrupp Nirosta GmbH (TKN) and ThyssenKrupp AST, S.p.A. (TKAST), hot-rolled stainless steel band (hot band) producers affiliated with Mexinox, sold hot band to Mexinox USA, which in turn sold hot band to Mexinox S.A.. Hot band is considered a major input to the production of stainless steel sheet and strip in coils. Section 773(f)(3) of the Tariff Act, the major input rule, states that "in the case of a transaction between affiliated persons involving the production by one of such persons of a major input to the merchandise, the administering authority has reasonable grounds to believe or suspect that an amount represented as the value of such input is less than the cost of production of such input, then the administering authority may determine the value of the major input on the basis of the information available regarding such cost of production, if such cost is greater

than the amount that would be determined for such input under paragraph (2).” We evaluated the transfer prices between Mexinox and its affiliated hot band suppliers on a grade-specific basis. Where available on the record, we used market prices for certain grades. However, market prices were not available for some grades of hot band purchased from affiliates. *See* Mexinox’s section D supplemental questionnaire, dated July 3, 2007. Therefore, for each of these grades, as facts otherwise available, we constructed a market price using the available market prices and COP information for the hot band grade purchased from the same affiliated supplier. Specifically, we calculated the ratio of the available market prices to the COP for the hot band grade, and applied the ratio to the COP of the hot band grades with no market price. We noted that, for some grades of hot band the market price was higher than the transfer prices between Mexinox and its affiliates. Therefore, we increased the reported direct material costs to reflect the market price. We also recalculated Mexinox’s G&A expense rate to include employee profit sharing in the numerator. *See* Cost Calculation Memorandum.

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Tariff Act, whether, within an extended period of time, such sales were made in substantial quantities, and whether such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. Where less than 20 percent of the respondent’s home market sales of a given model were at prices below the COP, we did not disregard any below-cost sales of that model because we determined that the below-cost sales were not made within an extended period of time and in “substantial quantities.” Where 20 percent or more of the respondent’s home market sales of a given model were at prices less than the COP, we disregarded the below-cost sales because: (1) they were made within an extended period of time in “substantial quantities,” in accordance with sections 773(b)(2)(B) and (C) of the Tariff Act; and (2) based on our comparison of prices to the weighted-average COPs for the POR, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Tariff Act.

Our cost test for Mexinox revealed that, for home market sales of certain

models, less than 20 percent of the sales of those models were at prices below the COP. We therefore retained all such sales in our analysis and used them as the basis for determining NV. Our cost test also indicated that for home market sales of other models, more than 20 percent were sold at prices below the COP within an extended period of time and were at prices which would not permit the recovery of all costs within a reasonable period of time. Thus, in accordance with section 773(b)(1) of the Tariff Act, we excluded these below-cost sales from our analysis and used the remaining above-cost sales as the basis for determining NV.

#### D. Constructed Value

In accordance with section 773(e) of the Tariff Act, we calculated CV based on the sum of Mexinox’s material and fabrication costs, SG&A expenses, profit, and U.S. packing costs. We calculated the COP component of CV as described above in the “Cost of Production Analysis” section of this notice. In accordance with section 773(e)(2)(A) of the Tariff Act, we based SG&A expenses and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

#### E. Price-to-Price Comparisons

We calculated NV based on prices to unaffiliated customers or prices to affiliated customers we determined to be at arm’s length. Mexinox S.A. reported home market sales in Mexican pesos, but noted certain home market sales were invoiced in U.S. dollars during the POR. *See* Mexinox’s November 20, 2006 section B questionnaire response at B-26. In our margin calculation we used the currency of the sale invoice at issue and applied the relevant adjustments in the actual currency invoiced or incurred by Mexinox. We accounted for billing adjustments, discounts and rebates, where appropriate. We also made deductions, where appropriate, for foreign inland freight, insurance, handling, and warehousing, pursuant to section 773(a)(6)(B) of the Tariff Act. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise compared pursuant to section 773(a)(6)(C)(ii) of the Tariff Act and 19 CFR 351.411. We also made adjustments for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Tariff Act and 19 CFR 351.410. We made COS adjustments for imputed

credit expenses and warranty expenses. As noted above in the “Level of Trade” section of this notice, we also made an adjustment for the CEP offset in accordance with section 773(a)(7)(B) of the Tariff Act. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with sections 773(a)(6)(A) and (B) of the Tariff Act.

We used Mexinox’s adjustments and deductions as reported, except for certain handling expenses and imputed credit expenses. We have recalculated the handling expenses incurred by Mexinox’s home market affiliate, Mexinox Trading, and applied the revised ratio to those home market sales where Mexinox reported a handling expense. We calculated imputed credit expenses based on the short-term borrowing rate associated with the currency of each home market sale transaction. *See* Preliminary Analysis Memorandum. Our methodology for calculating handling charges and imputed credit expenses is consistent with past administrative reviews of this case. *See, e.g., 2004–2005 Final Results and 2003–2004 Final Results.*

#### F. Price-to-CV Comparisons

If we were unable to find a home market match of such or similar merchandise, in accordance with section 773(a)(4) of the Tariff Act, we based NV on CV. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Tariff Act.

#### Facts Available

In accordance with section 776(a)(1) of the Tariff Act, for these preliminary results we find it necessary to use partial facts available in those instances where the respondent did not provide certain information necessary to conduct our analysis.

In our September 13, 2006 questionnaire at G-6, we requested that Mexinox provide sales and cost data for all affiliates involved with the production or sale of the merchandise under review during the POR in both home and U.S. markets. In response, Mexinox stated that its affiliated U.S. reseller, Ken-Mac, sold subject merchandise in the United States during the POR which it had purchased from various suppliers. *See* Mexinox’s October 13, 2006 section A questionnaire response at A-11. However, Mexinox explained to the Department that a small subset of subject merchandise which was resold by Ken-Mac to unaffiliated customers in the United States could not be traced to an original stock item or supplier. *See* Mexinox’s November 20, 2006 section E

questionnaire response at KMC-2 and KMC-3. Mexinox further stated in its May 21, 2007 supplemental questionnaire response covering sections A through C and E at 23, that it was unable to identify the producer of those reported sale transactions (unattributed sales).

Because of the unknown origin of certain of Ken-Mac resales, Mexinox was not able to provide all the information necessary to complete our analysis. Pursuant to section 776(a)(1) of the Tariff Act, it is appropriate to use the facts otherwise available in calculating a margin on Ken-Mac's unattributed sales. Section 776(a)(1) of the Tariff Act provides that the Department will, subject to section 782(d) of the Tariff Act, use the facts otherwise available in reaching a determination if "necessary information is not available on the record." For these preliminary results, we have calculated a margin on Ken-Mac's unattributed sales by applying the overall margin calculated on Mexinox's other U.S. sales of subject merchandise to the weighted-average price of Ken-Mac's unattributed sales. This methodology is consistent to date with that employed in past administrative reviews of S4 in coils from Mexico. *See, e.g., 2004-2005 Final Results* and *2003-2004 Final Results*.

Prior to applying the overall margin calculated on other sales/resales of subject merchandise to Ken-Mac's unattributed sales, we calculated the portion of the unattributed sales quantity that could be reasonably allocated to subject stainless steel merchandise purchased from Mexinox. We based our allocation on the relative percentage (by volume) of subject stainless steel merchandise that Ken-Mac had purchased from Mexinox as compared to the total stainless steel merchandise it had purchased from all vendors. *See Mexinox's May 21, 2007 supplemental questionnaire response covering sections A through C and E at Attachment KME-12.* The Department preliminarily finds Mexinox acted to the best of its ability in responding to the Department's request for information; therefore, the application of an adverse inference, as provided under section 776(b) of the Tariff Act, is not warranted in calculating a margin on Ken-Mac's unattributed sales.

#### Currency Conversion

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

#### Preliminary Results of Review

As a result of our review, we preliminarily determine the following weighted-average dumping margin exists for the period July 1, 2005 through June 30, 2006:

| Manufacturer / Exporter                | Weighted-Average Margin (percent-age) |
|----------------------------------------|---------------------------------------|
| ThyssenKrupp Mexinox S.A. de C.V. .... | 2.82%                                 |

The Department will disclose calculations performed within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). An interested party may request a hearing within thirty 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 business day thereafter, unless the Department alters the date per 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. *See* 19 CFR 351.309 (c). Rebuttal briefs limited to issues raised in the case briefs may be filed no later than five days after the time limit for submitting the case briefs. *See* 19 CFR 351.309(d). Parties who submit argument in these proceedings are requested to submit with the argument: 1) a statement of the issue, 2) a brief summary of the argument and 3) a table of authorities. Further, parties submitting case briefs and/or rebuttal briefs are requested to provide the Department with an additional copy of the public version of any such argument on diskette. The Department will issue final results of this administrative review, including the results of our analysis of the issues in any such argument or at a hearing, within 120 days of publication of these preliminary results.

#### Duty Assessment

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 will calculate importer-specific *ad valorem* assessment rates for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total customs value of the sales used to calculate those duties. The total customs value is based on the entered value reported by Mexinox for all U.S. entries of subject merchandise initially

purchased for consumption to the United States made during the POR. *See Preliminary Analysis Memorandum.* In accordance with 19 CFR 356.8(a), the Department intends to issue assessment instructions to CBP on or after 41 days following the publication of the final results of review.

The Department clarified its "automatic assessment" regulation on May 6, 2003. *See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003). This clarification will apply to entries of subject merchandise during the POR produced by the company included in these preliminary results for which the reviewed company did not know their merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company or companies involved in the transaction.

#### Cash Deposit Requirements

Furthermore, the following cash deposit requirements will be effective for all shipments of S4 in coils from Mexico 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)(2)(C) of the Tariff Act: (1) the cash deposit rate for the reviewed company will be the rate established in the final results of this review, except if the rate is less than 0.50 percent (*de minimis* within the meaning of 19 CFR 351.106(c)(1)), the cash deposit will be zero; (2) for previously investigated 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, or the original 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 (4) the cash deposit rate for all other manufacturers or exporters will continue to be the all-others rate of 30.85 percent, which is the all-others rate established in the LTFV investigation. *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from Mexico*, 64 FR 40560 (July 27, 1999). These deposit requirements, when imposed, shall remain in effect until further notice.

**Notification to Importers**

This notice 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 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) of the Tariff Act.

Dated: July 31, 2007.

**Stephen J. Claeys,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E7-15201 Filed 8-3-07; 8:45 am]

**BILLING CODE 3510-DS-S**

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

**A-570-601**

**Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Notice of Extension of Final Results of the 2005-2006 Administrative Review**

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

**EFFECTIVE DATE:** August 6, 2007.

**FOR FURTHER INFORMATION CONTACT:** Paul Stolz, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone: (202) 482-4474.

**Background**

On July 27, 2006, the Department of Commerce ("the Department") published in the **Federal Register** a notice of the initiation of the antidumping duty administrative review of tapered roller bearings and parts thereof, finished and unfinished ("TRBs") from the People's Republic of China ("PRC"), 71 FR 42626 (July 27, 2006). On March 26, 2007, the Department published its preliminary results on TRBs from the PRC. *See Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China Preliminary Results of Antidumping Duty Administrative Review and Notice of Rescission in Part and Intent to Rescind in Part*, 72 FR 14078 (March 26,

2007). The final results of this administrative review are currently due no later than July 24, 2007.

**Extension of Time Limit for Final Results**

Section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act"), requires the Department to issue the final results in an administrative review within 120 days after the date on which the preliminary results are published. However, if it is not practicable to complete the review within this time period, section 751(a)(2)(A) of the Act allows the Department to extend the time period to a maximum of 180 days. Completion of the final results within the 120-day period is not practicable because this review involves certain complex issues, such as a tariff classifications covered by the scope of the order and separate rates.

Because it is not practicable to complete this review within the time specified under the Act, we are extending the time period for issuing the final results of review by 60 days until September 22, 2007, in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2). However, because September 22, 2007 falls on a Saturday, the final results will be due no later than September 24, 2007, the next business day.

This notice is published pursuant to sections 751(c) and 777(i) of the Act.

Dated: July 23, 2007.

**Stephen J. Claeys,**

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. E7-15210 Filed 8-3-07; 8:45 am]

**BILLING CODE 3510-DS-S**

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

**[C-533-825]**

**Polyethylene Terephthalate Film, Sheet, and Strip From India: Preliminary Results and Rescission, in Part, of Countervailing Duty Administrative Review**

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

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on polyethylene terephthalate (PET) film from India for the period January 1, 2005 through December 31, 2005. We preliminarily determine that subsidies are being provided on the production

and export of PET film from India. *See* the "Preliminary Results of Administrative Review" section, below. If the final results remain the same as the preliminary results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties. Interested parties are invited to comment on the preliminary results of this administrative review. *See* the "Public Comment" section of this notice, below.

**DATES:** *Effective Date:* August 6, 2007.

**FOR FURTHER INFORMATION CONTACT:** Elfi Blum or Toni Page, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0197 or (202) 482-1398, respectively.

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

On July 1, 2002, the Department published in the **Federal Register** the countervailing duty (CVD) order on PET film from India. *See Countervailing Duty Order: Polyethylene Terephthalate Film, Sheet and Strip (PET Film) from India*, 67 FR 44179 (July 1, 2002) (*PET Film Order*). On July 3, 2006, the Department published in the **Federal Register** a notice of opportunity to request an administrative review of this order. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 71 FR 37890 (July 3, 2006). On July 26, 2006 and July 31, 2006, the Department received requests to conduct an administrative review of the CVD order on PET film from India from MTZ Polyfilms, Ltd. (MTZ), Jindal Poly Films Limited of India (Jindal), formerly named Jindal Polyester Limited, Polyplex Corporation, Ltd. (Polyplex), and Garware Polyester, Ltd. (Garware), all of whom are Indian producers and exporters of subject merchandise. Dupont Teijin Films, Mitsubishi Polyester Film of America, and Toray Plastics (America), (collectively, petitioners) did not file any requests for review.

On August 22, 2006, Polyplex withdrew its request for review of the CVD order of PET film from India. Since its withdrawal occurred prior to the date of initiation and because no other party requested a review of Polyplex, we did not include this company in the initiation of the administrative review. On August 30, 2006, the Department initiated an administrative review of the CVD order on PET film from India