

occurred and the subsequent assessment of double antidumping duties.

The preliminary results of this administrative review and this notice are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 31, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

A-401-808

Purified Carboxymethylcellulose From Sweden: Preliminary Results of Antidumping Duty Administrative Review

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

SUMMARY: In response to a request from petitioner Aqualon Company, a division of Hercules Incorporated (Aqualon), a U.S. manufacturer of purified carboxymethylcellulose (CMC), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on CMC from Sweden. This administrative review covers imports of subject merchandise produced and exported by Noviant AB and CP Kelco AB (collectively, CP Kelco). The period of review is December 27, 2004, through June 30, 2006.

We preliminarily determine that sales of CMC by CP Kelco have not been made at less than normal value (NV). If these preliminary results are adopted in our final results, we will instruct U.S. Customs and Border Protection (CBP) to liquidate appropriate entries without regard to antidumping duties. We invite interested parties to comment on these preliminary results. Parties who submit comments in this review are requested to submit with each argument a statement of the issue and a brief summary of the argument.

EFFECTIVE DATE: August 7, 2007.

FOR FURTHER INFORMATION CONTACT:

Patrick Edwards or Angelica Mendoza, 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) 482-8029 or (202) 482-3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 11, 2005, the Department published in the **Federal Register** the antidumping duty order on CMC from Sweden. *See Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, the Netherlands and Sweden*, 70 FR 39734 (July 11, 2005). On July 3, 2006, we published in the **Federal Register** a notice of opportunity to request an administrative review of, *inter alia*, the antidumping duty order on CMC from Sweden. *See Antidumping or Countervailing Duty Order, Findings, or Suspended Investigation; Opportunity to Request Administrative Review*, 71 FR 37890 (July 3, 2006). Pursuant to section 751(a) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b), Aqualon timely requested an administrative review of the antidumping duty order on CMC from Sweden on July 27, 2006. On August 30, 2006, in accordance with section 751(a) of the Act and 19 CFR 351.221(c)(1)(i), the Department published a notice of initiation of the administrative review of this order. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 71 FR 51573 (August 30, 2006). We are conducting an administrative review of the order on CMC from Sweden for CP Kelco for the period December 27, 2004, through June 30, 2006.

CP Kelco entered its appearance in this proceeding on August 31, 2006, and the Department issued its Antidumping Duty Questionnaire to CP Kelco on September 11, 2006. On October 17, 2006, we received the Section A Response from CP Kelco (Section A Response). On November 9, 2006, CP Kelco filed its Section B and C questionnaire responses (Section B and C Responses). On December 8, 2006, Aqualon alleged that CP Kelco made home market sales of CMC at prices below the cost of production (COP) during the POR. On January 24, 2007, we initiated a sales-below-cost investigation of home market sales made by CP Kelco. *See* the Department's January 24, 2007, Memorandum to the File from Patrick Edwards, Case Analyst and Gina Lee, Case Accountant, (Cost Initiation Memorandum) for CP Kelco. As a result, on January 24, 2007, the Department requested that CP Kelco respond to section D of the Department's questionnaire. CP Kelco submitted its section D response on February 5, 2007, (Section D Response), including its cost reconciliation.

On January 26, 2007, the Department issued its first sections A-C supplemental questionnaire to CP Kelco and on February 15, 2007, CP Kelco submitted its response (Supplemental Response). On April 2, 2007, the Department issued to CP Kelco a second section A through C supplemental questionnaire, and on April 13, 2007, CP Kelco submitted its response (Second Supplemental Response).

On April 5, 2007, due to the complexity of the case and pursuant to section 751(a)(3)(A) of the Act, the Department extended the deadline for the preliminary results by 120 days from April 2, 2007, until July 31, 2007. *See Purified Carboxymethylcellulose from Finland, Sweden, the Netherlands, and Mexico: Extension of Time Limits for Preliminary Determinations of Antidumping Duty Administrative Reviews*, 72 FR 16767 (April 5, 2007).

From April 23, 2007, through April 25, 2007, and from April 30, 2007, through May 4, 2007, respectively, the Department conducted on-site verifications of CP Kelco's U.S. constructed export price (CEP) and home market sales responses. *See* "Verification" section below. On June 19, 2007, the Department sent a letter to CP Kelco requesting specific changes to its home market and U.S. sales databases, based on the verification findings and minor corrections. *See* Letter to CP Kelco AB and CP Kelco U.S. Inc. from Angelica L. Mendoza, Program Manager, regarding Request for Revised Home Market and U.S. Sales Databases, dated June 19, 2007. On June 29, 2007, the Department received CP Kelco's revised sales files as requested by the Department.

Period of Review

The period of review (POR) is December 27, 2004, through June 30, 2006.

Scope of the Order

The merchandise covered by this order is all purified CMC, sometimes also referred to as purified sodium CMC, polyanionic cellulose, or cellulose gum, which is a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium CMC that has been refined and purified to a minimum assay of 90 percent. Purified CMC does not include unpurified or crude CMC, CMC Fluidized Polymer Suspensions, and CMC that is cross-linked through heat treatment. Purified CMC is CMC that has undergone one or more purification operations, which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent. The

merchandise subject to this order is currently classified in the Harmonized Tariff Schedule of the United States at subheading 3912.31.00. This tariff classification is provided for convenience and customs purposes; however, the written description of the scope of this order is dispositive.

Verification

As provided in section 782(i) of the Act, and 19 CFR 351.307, we conducted a sales verification of the questionnaire responses of CP Kelco and CP Kelco's U.S. sales affiliate, CP Kelco U.S. Inc. We used standard verification procedures, including on-site inspection of CP Kelco's production facility in Sweden. Our verification results are outlined in the following two memoranda: 1) Memorandum to the File, through Angelica L. Mendoza, Program Manager, "Verification of Home Market and U.S. Sales Information Submitted by CP Kelco A.B. and Noviant A.B.," dated June 11, 2007 (Home Market Verification Report); and 2) Memorandum to the File, through Angelica L. Mendoza, Program Manager, "Sales Verification of Sections A–C Questionnaire Responses Submitted by CP Kelco AB, Noviant AB, CP Kelco U.S. Inc. and Noviant Inc. (collectively, CP Kelco) in the Antidumping Duty Administrative Review of Purified Carboxymethylcellulose from Sweden—Verification of United States Affiliates CP Kelco U.S. Inc. and Noviant U.S. Inc. (collectively, CP Kelco U.S.)," dated June 12, 2007 (CEP Verification Report). See also Memorandum to the File from Joseph Welton, Senior Accountant, through Neal M. Halper, Director, and Theresa C. Deeley, Lead Accountant, regarding "Verification of the Cost Response of CP Kelco AB in the Antidumping Duty Administrative Review of Carboxymethylcellulose from Sweden," dated July 3, 2007 (Cost Verification Report). Public versions of these reports are on file in the Central Records Unit (CRU) located in room B–099 of the main Department of Commerce Building, 14th Street and Constitution Avenue, NW, Washington, DC.

Use of Facts Available

Section 776(a)(1) of the Act provides that the Department will, subject to section 782(d) of the Act, use the facts otherwise available in reaching a determination if "necessary information is not available on the record." In accordance with section 776(a)(1) of the 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.

CP Kelco reported in its questionnaire responses that it "factors" its account receivables through an affiliated financial institution (*i.e.*, sells the rights to the outstanding payments of its unpaid invoices to that financial institution). See, *e.g.*, Section B Response and Section C Response at pages B–13 and C–13, respectively, and Supplemental Response at pages 33, and 35–37, and at exhibits B–11, B–12, B–13, B–14, and B–15. As a result of our review of the factoring process during the verifications in Sweden and Atlanta, Georgia, we found that CP Kelco incurred transaction expenses on its factored sales in both the U.S. and home markets. These expenses are fees charged by the affiliated financial institution to CP Kelco for purchasing its account receivables and remitting payment to CP Kelco at an earlier date than payment would have been received from the invoiced customer. For a further description and analysis of CP Kelco's factoring methodology, see Analysis of Data Submitted by Noviant AB and CP Kelco AB (collectively, CP Kelco) in the Preliminary Results of the Antidumping Duty Administrative Review of Purified Carboxymethylcellulose (CMC) from Sweden from Patrick Edwards, Analyst, to the File, dated July 31, 2007 (Sales Analysis Memorandum) on file in the CRU. We preliminarily determine that normal value and net U.S. price should be adjusted for these expenses. However, because we did not ask CP Kelco to provide this information on a transaction-specific basis, there is not sufficient information on the record to make a transaction-specific adjustment for these factoring charges.

Pursuant to section 776(a)(1) of the Act, it is appropriate to use the facts otherwise available to make this adjustment. The methodology used to make these adjustments is discussed in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice, below. We find that CP Kelco did report all information requested to the best of its ability. Therefore, we have not made an adverse inference in our use of partial facts available. We intend to ask CP Kelco to report its actual factoring expense on a transaction-specific basis in a later submission, and we intend to consider that information in our final results.

Successor-In-Interest

In February 2005, the Noviant group of companies (including Noviant's Sweden-based operation of Noviant AB) were merged with the CP Kelco group

of companies, with both corporate groups previously operating as subsidiaries of the J.M. Huber Corporation. Following the merger, the operating title of the two entities became unified under the CP Kelco corporate title. Throughout 2005 and 2006, each of the European Noviant production and export companies' names were changed from "Noviant" to "CP Kelco" (*i.e.*, Noviant AB became CP Kelco AB in Sweden). Because entries have been made under the name of the new company during the POR, the Department must make a successorship determination in order to determine the appropriate and necessary company-specific cash deposit and assessment rates to be applied to entries subsequent to the final results of this review.

In December 2005, the shares of Noviant AB's U.S. sales affiliate, Noviant Inc., were sold in an agreement with CP Kelco's holding company, merging the U.S.-based operations of Noviant and CP Kelco under the CP Kelco corporate title. The completed merger of Noviant's U.S.-based operations with those of CP Kelco became effective January 1, 2006, and the company has since operated as CP Kelco U.S., Inc. (CP Kelco U.S.). For a further discussion of this issue, see Sales Analysis Memorandum; see also, Home Market Verification Report at 3–6 and CEP Verification Report at 4–8. CP Kelco U.S. is a subsidiary of CP Kelco, respondent in the current administrative review and subsidiary of J.M. Huber Corporation.

In determining whether CP Kelco is the successor to Noviant AB for purposes of the antidumping duty law, the Department examines a number of factors including, but not limited to, changes in: (1) management, (2) production facilities, (3) suppliers, and (4) customer base. See, *e.g.*, *Brass Sheet and Strip from Canada: Final Results of Antidumping Duty Administrative Review*, 57 FR 20460 (May 13, 1992) (*Brass from Canada*); *Steel Wire Strand for Prestressed Concrete from Japan: Final Results of Changed Circumstances Antidumping Duty Administrative Review*, 55 FR 28796 (July 13, 1990); and *Industrial Phosphoric Acid From Israel: Final Results of Antidumping Duty Changed Circumstances Review*, 59 FR 6944 (February 14, 1994). While examining these factors alone will not necessarily provide a dispositive indication of succession, the Department will generally consider one company to have succeeded another if that company's operations are essentially inclusive of the predecessor's operations. See *Brass from Canada*. Thus, if the evidence

demonstrates, with respect to the production and sale of the subject merchandise, that the new company is essentially the same business operation as the former company, the Department will assign the new company the cash deposit rate of its predecessor.

The evidence on the record, particularly CP Kelco's response to our supplemental questionnaire specifically addressing its claimed successorship (Questions 2–11 of the Supplemental Response) and the Home Market and CEP Verification Reports, demonstrate that, with respect to the production and sale of the subject merchandise, CP Kelco is the successor to Noviant AB. Specifically, we reviewed CP Kelco's organizational structure before and after the merger, as set forth in the company's questionnaire responses, and confirmed that there were only minimal changes to management and corporate structure. For instance, with respect to direct U.S. sales, sales are still made through the Unified Dental Team within Huber Engineered Materials (HEM). With respect to sales through Noviant Inc.'s successor, CP Kelco U.S., while customer care and logistics functions were transferred from Atlanta to Chicago, Illinois, and San Diego, California, those former Noviant employees did not relocate; a single new customer care representative was hired in Chicago and the existing CP Kelco U.S. logistics staff in San Diego took over logistics functions relating to CMC.

From a management perspective, consistent with CP Kelco's responses and information obtained during the Department's verifications, the merger of Noviant AB with CP Kelco AB is, effectively, a name change, the primary purpose of which was to broaden the companies' marketing scope under the unified "CP Kelco" name. Consequently, our analysis of corporate management changes as a result of the merger indicates that neither the former Noviant AB nor CP Kelco AB (as well as the U.S. affiliates, Noviant Inc. and CP Kelco U.S.) experienced significant shifts in senior executive management. See Home Market Verification Report at 4–6 and Exhibit 4. See also, CEP Verification Report at 5 to 8, and Exhibits 2–4. While new management positions were created, we found that senior management in place at Noviant AB prior to the merger with CP Kelco AB still exist following the merger. The same holds true for senior management of the U.S.-based entities, Noviant Inc. and CP Kelco U.S., where we found that one senior manager left the company following the merger.

These changes, standing alone, are not sufficiently significant to support a

determination that CP Kelco's management and organizational structure, as well as its production and sales of the subject merchandise, are not essentially the same as those of Noviant AB. Record evidence also shows that CP Kelco uses the same CMC production facilities and suppliers as used by Noviant AB (*id.* at 10–12). CP Kelco also provides CMC to the same customers as Noviant AB (*id.* at 11–12); *see also*, Section A Response at 10–12. Therefore, we preliminarily find that CP Kelco is the successor to Noviant AB for purposes of this proceeding, and for the application of the antidumping law.

Fair Value Comparisons

To determine whether sales of CMC from Sweden to the United States were made at less than fair value, we compared the export price (EP) or CEP to the NV, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice, below. In accordance with section 777A(d)(2) of the Act, we compared the EPs and CEPs of individual U.S. transactions to monthly weighted-average NVs.

Product Comparisons

We compared U.S. sales with sales of the foreign like product in the home market. Specifically, in making our comparisons, we used the following methodology. If an identical comparison–market model was reported, we made comparisons to weighted–average comparison–market prices that were based on all sales which passed the COP test of the identical product during the relevant or contemporary month. If there were no contemporaneous sales of an identical model, we identified the most similar comparison–market model. To determine the most similar model, we matched the foreign like product based on the physical characteristics reported by the respondent in the following order of importance: (1) grade, (2) viscosity, (3) degree of substitution, (4) particle size, and (5) solution characteristics.

Export Price and Constructed Export Price

In accordance with section 772 of the Act, we calculate either an EP or a CEP, depending on the nature of each sale. Section 772(a) of the Act defines EP as the price at which the subject merchandise is first sold by the foreign exporter or producer before the date of importation to an unaffiliated purchaser in the United States, or to an unaffiliated purchaser for exportation to the United States. Section 772(b) of the Act defines CEP as the price at which

the subject merchandise is first sold (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. CP Kelco classified two types of sales to the United States: 1) direct sales to end–user customers (EP); and 2) sales via its U.S. affiliates, CP Kelco U.S. and HEM, to end–users and distributors (CEP). For purposes of these preliminary results, we have accepted CP Kelco's classifications.

We calculated EP based on prices charged to the first unaffiliated U.S. customer. We used the sale invoice date as the date of sale.¹ We based EP on the packed free on board (FOB) or delivered duty paid prices (DDP) to the first unaffiliated purchasers outside Sweden. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act, which included foreign inland freight, international freight, marine insurance, foreign brokerage and handling, and U.S. customs duty, while adding freight revenue, in accordance with section 772(c)(1) of the Act and section 351.401(e) of the Department's regulations. We made further adjustments for direct expenses (credit expenses) in accordance with section 772(c)(2)(A) of the Act.

Based upon our findings at verification, we made a deduction from EP for the factoring charges incurred by CP Kelco on its U.S. account receivables. For the EP sales examined at verification, we used CP Kelco's verified factoring charges to represent this expense. For the remaining EP sales (*i.e.*, the sales not examined at verification) upon which CP Kelco incurred factoring charges, we based the deduction upon the average ratio of factoring charges to the invoice value incurred by CP Kelco on the U.S. sales examined at verification.

We calculated CEP based on prices charged to the first unaffiliated U.S. customer after importation. We used the sale invoice date as the date of sale. We based CEP on the gross unit price from CP Kelco to its unaffiliated U.S. customers, making adjustments where necessary for billing adjustments, rebates, and other discounts. Where applicable and pursuant to sections 772(c)(2)(A) and (d)(1) of the Act, the Department made deductions for movement expenses (foreign inland freight, international freight, U.S.

¹ See the Department's Sales Analysis Memorandum for a further discussion of this issue.

movement, U.S. customs duty, brokerage and handling, marine insurance, and post-sale warehousing), while adding freight revenue, in accordance with section 772(c)(1) of the Act and section 351.401(e) of the Department's regulations. In accordance with section 772(d)(1) of the Act, we also deducted, where applicable, U.S. direct selling expenses, including credit expenses, U.S. indirect selling expenses, and U.S. inventory carrying costs incurred in the United States and Sweden associated with economic activities in the United States. We also deducted CEP profit in accordance with section 772(d)(3) of the Act.

We also made a deduction from CEP for the factoring charges incurred by CP Kelco on its U.S. account receivables. For the CEP sales examined at verification, we used CP Kelco's verified factoring charges to represent this expense. For the remaining CEP sales (*i.e.*, the sales not examined at verification) upon which CP Kelco incurred factoring charges, we based the deduction upon the average ratio of factoring charges to the invoice value incurred by CP Kelco on the U.S. sales examined at verification.

Normal Value

A. Home Market Viability and Comparison Market Selection

In order 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.*, whether the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Pursuant to section 351.404(b)(2) of the Department's regulations, because CP Kelco'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 of the subject merchandise, we determined that the home market was viable for comparison. Therefore, pursuant to section 773(a)(1)(B) of the Act, we have based NV on home market sales in the usual commercial quantities and in the ordinary course of trade.

B. Cost of Production Analysis

On January 24, 2007, based on an allegation from Aqualon, the Department initiated a sales-below-cost investigation of CP Kelco because Aqualon provided a reasonable basis to

believe or suspect that CP Kelco is selling CMC in the home market at prices below its COP. *See* Cost Initiation Memorandum. Based on the Department's findings, there is a reasonable basis to believe or suspect that CP Kelco is selling CMC in Sweden at prices below COP. Therefore, pursuant to section 773(b)(1) of the Act, we examined whether CP Kelco's sales in Sweden were made at prices below the COP. *See* Cost Initiation Memorandum.

C. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP for each model based on the sum of CP Kelco's materials and fabrication costs for the foreign like product, plus an amount for home market selling expenses, general and administrative (G&A) expenses, financial expenses, and packing costs. We relied on the COP data submitted by CP Kelco, except for the changes noted below.

1. CP Kelco revised the standard cost of a limited number of products during December 2005, and allocated the 2005 variances (*i.e.*, the amount by which actual costs differed from standard costs) to the revised standard costs. We reallocated variances to the standard costs which were in effect from January 2005 through November 2005.
2. We revised the cost of goods sold denominator of the reported financial expense ratio of parent company J.M. Huber Corporation to include J.M. Huber Corporation's depreciation expenses, and to deduct packing and freight costs. *See* Memorandum to Neal Halper from Joseph Welton, Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results - CP Kelco AB, dated July 31, 2007.

D. Test of Home Market Prices

We compared the weighted-average COP of CP Kelco's home market sales to home market sales prices (net of billing adjustments, discounts, any applicable movement expenses, direct and indirect selling expenses, and packing) of the foreign like product as required under section 773(b) of the Act in order to determine whether these sales had been made at prices below COP. In determining whether to disregard home market sales made at prices below COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made in substantial quantities within an

extended period of time, and whether such sales were made at prices which would permit recovery of all costs within a reasonable period of time.

E. Results of the Cost Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of CP Kelco's sales of a given model were at prices less than the COP, we did not disregard any below-cost sales of that model because these below-cost sales were not made in substantial quantities. Where 20 percent or more of CP Kelco's home market sales of a given model were at prices less than the COP, we disregarded the below-cost sales because such sales were made: (1) in substantial quantities within the POR (*i.e.*, within an extended period of time) in accordance with section 773(b)(2)(B) of the Act, and (2) at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act (*i.e.*, the sales were made at prices below the weighted-average per-unit COP for the POR). We used the remaining sales as the basis for determining NV, if such sales existed, in accordance with section 773(b)(1) of the Act. In this review, we have found sales below the COP and have, as described above, disregarded such sales from our margin calculations.

F. Price-to-Price Comparisons

We calculated NV based on prices to unaffiliated customers or prices to affiliated customers that we determined to be at arm's length. We used the sale invoice date as the date of sale. We made adjustments for billing adjustments, discounts, and rebates, where appropriate. We made deductions, where appropriate, for foreign inland freight, pursuant to section 773(a)(6)(B) of the Act. We offset inland freight for any freight revenue (revenue received from customers for invoice items covering transportation expenses). In addition, when comparing sales of similar merchandise, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise (*i.e.*, DIFMER) pursuant to section 773(a)(6)(C)(ii) of the 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 Act and 19 CFR 351.410. We made COS adjustments for imputed credit expenses. We also made an adjustment, where appropriate, for the CEP offset in accordance with section 773(a)(7)(B) of the Act. *See* "Level of Trade" section below. Additionally, we deducted home market

packing costs and added U.S. packing costs in accordance with sections 773(a)(6)(A) and (B) of the Act.

We also made a deduction from NV for the factoring charges incurred by CP Kelco on its home market account receivables. For the home market sales examined at verification, we used CP Kelco's verified factoring charges to represent this expense. For the remaining home market sales (*i.e.*, the sales not examined at verification) upon which CP Kelco incurred factoring charges, we based the deduction upon the average ratio of factoring charges to the invoice value incurred by CP Kelco on the home market sales examined at verification.

G. Price-to-Constructed Value-Comparison

In accordance with section 773(a)(4) of the Act, we base NV on constructed value (CV) if we are unable to find a contemporaneous comparison market match of identical or similar merchandise for the U.S. sale. Section 773(e) of the Act provides that CV shall be based on the sum of the cost of materials and fabrication employed in making the subject merchandise, selling, general and administrative (SG&A) expenses, financial expenses, profit, and U.S. packing costs. We calculated the cost of materials and fabrication for CP Kelco based on the methodology described in the COP section of this notice. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses, financial expense, and profit on the amounts CP Kelco incurred and realized in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. However, for these preliminary results, we did not base NV on CV in any instances. Accordingly, for sales of CMC for which we could not determine the NV based on comparison-market sales, either because there were no useable sales of a comparable product or all sales of the comparable products failed the sales-below-cost test, we based NV on CV.

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 or CEP transaction. The LOT in the comparison market is the LOT of the starting-price sales in the comparison market or, when NV is based on CV, the LOT of the sales from which we derive SG&A expenses and profit. With respect to U.S. price for EP transactions, the

LOT is also that of the starting-price sale, which is usually from the exporter to the importer. For CEP, the LOT is that of the constructed sale from the exporter to the affiliated importer.

To determine whether comparison market sales are at a different LOT from U.S. sales, we examined 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 different LOTs, 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, the Department makes an LOT adjustment in accordance with section 773(a)(7)(A) of the Act. For CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the customer. We analyze whether different selling activities are performed, and whether any price differences (other than those for which other allowances are made under the Act) are shown to be wholly or partly due to a difference in LOT between the CEP and NV. Under section 773(a)(7)(A) of the Act, we make an upward or downward adjustment to NV for LOT if the difference in LOT involves the performance of different selling activities and is demonstrated to affect price comparability, based on a pattern of consistent price differences between sales at different LOTs in the country in which NV is determined. Finally, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP, but the data available do not provide an appropriate basis to determine an LOT adjustment, we reduce NV by the amount of indirect selling expenses incurred in the foreign comparison market on sales of the foreign like product, but by no more than the amount of the indirect selling expenses incurred for CEP sales. See section 773(a)(7)(B) of the Act (the CEP offset provision).

In analyzing differences in selling functions, we determine whether the LOTs identified by the respondent are meaningful. See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27371 (May 19, 1997). If the claimed LOTs are the same, we expect that the functions and activities of the seller should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. See *Porcelain-on-Steel Cookware from Mexico: Final Results of Administrative Review*, 65 FR

30068 (May 10, 2000) and accompanying Issues and Decision Memorandum at Comment 6. In the present review, CP Kelco claimed an LOT adjustment. See Section B Response at page B-20. In order to determine whether the comparison market sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the "chain of distribution"),² including selling functions, class of customer (customer category), and the level of selling expenses for each type of sale.

CP Kelco reported two LOTs in the comparison market, Sweden, with two channels of distribution to two classes of customers: (1) direct sales to end user customers (LOT 1 and Channel 1) and (2) direct sales to distributors (LOT 2 and Channel 2). Based on our review of record evidence, we find that comparison market sales to both customer categories and through both channels of distribution were substantially similar with respect to selling functions and stages of marketing. CP Kelco performed the same selling functions at a similar level of performance for sales in both comparison market channels of distribution, including sales forecasting, order input/processing, advertising, warranty service, freight, delivery, and logistics services, *etc.* See Section A Response at Exhibit A-5; Supplemental Response at exhibit A-25. Accordingly, we preliminarily find that CP Kelco had only one LOT for its comparison market sales.

CP Kelco reported one EP LOT and one CEP LOT each with its own separate channel of distribution in the United States, and with two classes of customers for CEP sales: (1) direct sales to end user customers (EP sales of LOT 1 and Channel 5) and (2) sales through U.S. affiliates (CEP sales) to end users and distributors of merchandise (LOTs 3 and 4 with Channel 1 to end users and Channel 2 to distributors). In reviewing CP Kelco's questionnaire responses, we preliminarily find that CP Kelco has a total of three channels of distribution for its U.S. sales: (1) direct sales to end users of merchandise produced to order and from existing inventory, (2) sales through U.S. affiliate CP Kelco U.S. to end users and distributors of

² The marketing process in the United States and comparison market begins with the producer and extends to the sale to the final user or customer. The chain of distribution between the two may have many or few links, and the respondent's sales occur somewhere along this chain. In performing this evaluation, we considered CP Kelco's narrative response to properly determine where in the chain of distribution the sale occurs.

merchandise produced to order and from existing inventory, and (3) sales through U.S. affiliate HEM to end users and distributors of merchandise produced to order and from existing inventory. Therefore, we preliminarily find that there is one channel of distribution for EP sales, and two channels of distribution for CEP sales. See Section A Response at A-17-A-23.

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 Act. See *Micron Technology Inc. v. United States*, 243 F.3d 1301, 1314-1315 (Fed. Cir. 2001). We reviewed the selling functions and services performed by CP Kelco on CEP sales for both channels of distribution relating to the CEP LOT, as described by CP Kelco in its questionnaire responses, after these deductions. We have determined that the selling functions performed by CP Kelco on all CEP sales are similar because CP Kelco provides almost no selling functions to either U.S. affiliate in support of either channel of distribution. CP Kelco reported that the only services it provided for the CEP sales were packaging, order input/processing services, and very limited sales/marketing support services. See Supplemental Response at exhibit A-25. Accordingly, because the selling functions provided by CP Kelco on sales to affiliates in the United States are substantially similar, we preliminarily determine that there is one CEP LOT in the U.S. market.

We then examined the selling functions performed by CP Kelco on its EP sales in comparison with the selling functions performed on CEP sales (after deductions). We found that CP Kelco performs an additional layer of selling functions on its direct sales to unaffiliated U.S. customers which are not performed on its sales to affiliates (e.g., sales forecasting, strategic/economic planning, engineering services, procurement and sourcing services, packing, inventory maintenance, direct sales support, after-sales support services, etc.). *Id.* Because these additional selling functions are significant, we find that CP Kelco's direct sales to unaffiliated U.S. customers (EP sales) are at a different LOT than its CEP sales.

Next, we examined the comparison market and EP sales. CP Kelco's comparison (home) market and EP sales were both made to end users, while only CP Kelco's comparison market sales were made to distributors. In the case of end user sales, the selling functions performed by CP Kelco were almost identical for both markets. Other than

re-packing services, which were mainly provided on U.S. sales, in both markets CP Kelco provided the following services: sales forecasting, strategic and economic planning, sales promotion, engineering services, advertising, procurement/sourcing services, packing, inventory maintenance, direct sales personnel, order/input processing, market research, technical assistance, providing guarantees, after-sales services, freight and delivery services, etc. *Id.* Because the selling functions and channels of distribution are substantially similar, we preliminarily determine that the comparison market LOT is the same as the EP LOT. It was therefore unnecessary to make an LOT adjustment for comparison of home market and EP prices.

According to section 773(a)(7)(B) of the Act, a CEP offset is appropriate when the LOT in the home market is at a more advanced stage than the LOT of the CEP sales and there are no data available to determine the existence of a pattern of price difference. CP Kelco reported that it provided minimal selling functions and services for the CEP LOT and that, therefore, the comparison market LOT is more advanced than the CEP LOT. Based on our analysis of the channels of distribution and selling functions performed by CP Kelco for sales in the comparison market and CEP sales in the U.S. market (i.e., sales support and activities provided by CP Kelco on sales to its U.S. affiliates), we preliminarily find that the comparison market LOT is at a more advanced stage of distribution when compared to CEP sales because CP Kelco provides many selling functions in the comparison market at a higher level of service (i.e., sales forecasting, strategic/economic planning, advertising, personnel training, procurement services, sales promotion, inventory maintenance, direct sales personnel, market research, technical assistance, after-sales service, etc.) as compared to selling functions performed for its CEP sales (i.e., CP Kelco reported that the only services it provided for the CEP sales were packaging, order input/processing services, and very limited freight and delivery and sales/marketing support services). See Supplemental Response at exhibit A-25. Thus, we find that CP Kelco's comparison market sales are at a more advanced LOT than its CEP sales. There was only one LOT in the comparison market, and there are no data available to determine the existence of a pattern of price difference, and we do not have any other information that provides an

appropriate basis for determining a LOT adjustment; therefore, we applied a CEP offset to NV for CEP comparisons.

To calculate the CEP offset, we deducted the comparison market indirect selling expenses from NV for comparison market sales that were compared to U.S. CEP sales. As such, we limited the comparison market indirect selling expense deduction by the amount of the indirect selling expenses deducted in calculating the CEP as required under section 772(d)(1)(D) of the Act.

Currency Conversion

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

Preliminary Results of Review

As a result of our review, we preliminarily determine that the weighted-average dumping margin for the period December 27, 2004, through June 30, 2006, for CP Kelco to be as follows:

Manufacturer/Exporter	Weighted-Average Margin
Noviant AB and CP Kelco AB	0.00 percent

We will disclose the calculations used in our analysis to parties to this review within five days of the date of publication of this notice. See 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of the date of publication of this notice. See 19 CFR 351.310. Interested parties who wish to request a hearing or to participate in a hearing, if a hearing is requested, must submit a written request to the Department within 30 days of the date of publication of this notice. Requests should contain the following: (1) the party's name, address, and telephone number; (2) the number of participants; (3) a list of issues to be discussed. See 19 CFR 351.310(c).

Issues raised in the hearing will be limited to those raised in the case and rebuttal briefs. See 19 CFR 351.310(c). Case briefs from interested parties may be submitted not later than 30 days after the date of publication of this notice of preliminary results of review. See 19 CFR 351.309(c)(1)(ii). Rebuttal briefs from interested parties, limited to the issues raised in the case briefs, may be submitted not later than five days after the time limit for filing the case briefs or comments. See 19 CFR 351.309(d)(1) and 19 CFR 351.310(c). Any hearing, if requested, will be held two days after

the scheduled date for submission of rebuttal briefs. See 19 CFR 351.310(d). Parties who submit case briefs or rebuttal briefs in this proceeding are requested to submit with each argument a statement of the issue, a summary of the arguments not exceeding five pages, and a table of statutes, regulations, and cases cited. See 19 CFR 351.309(c)(2). The Department will issue the final results of this administrative review, including the results of its analysis of issues raised in any such written briefs or at the hearing, if held, not later than 120 days after the date of publication of this notice. See section 751(a)(3)(A) of the Act.

Assessment Rates

Upon completion of this review, the Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. Pursuant to 19 CFR 351.212(b)(1), the Department calculates an assessment rate for each importer of the subject merchandise covered by the review.³ The Department intends to issue assessment instructions to CBP 15 days after the date of publication of the 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 CP Kelco and/or Noviant AB and for which CP Kelco and/or Noviant AB did not know another company would export its merchandise to 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(ies) involved in the transaction.

Cash Deposit Requirements

The following cash-deposit rates will be effective upon publication of the final results of this review for all shipments of purified carboxymethylcellulose from Sweden entered, or withdrawn from warehouse, for consumption on or after publication date, as provided for by section 751(a)(2)(C) of the Act: (1) for subject merchandise produced by CP Kelco and/or Noviant AB, the cash-deposit rate will be the rate established in the final results of this review, except if the rate is less than 0.50 percent and, therefore, *de minimis* within the

meaning of 19 CFR 351.106(c)(1), in which case the cash deposit rate will be zero; (2) if the exporter is not a firm covered in this review or the less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (3) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be the "all others" rate of 25.29 percent from the LTFV investigation. See *Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, and the Netherlands and Sweden*, 70 FR 39734 (July 11, 2005).

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 section 351.402(f)(2) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

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

Dated: July 31, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. E7-15323 Filed 8-6-07; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

(A-201-834)

Purified Carboxymethylcellulose From Mexico: Notice of Preliminary Results of Antidumping Duty Administrative Review

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

SUMMARY: In response to a request from Quimica Amtex S.A. de C.V. (Amtex), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on purified

carboxymethylcellulose (CMC) from Mexico. The review covers exports of the subject merchandise to the United States produced and exported by Amtex.

We preliminarily find that Amtex made sales at less than fair value during the POR. If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties based on differences between the export price (EP) or constructed export price (CEP) and normal value (NV).

Interested parties are invited to comment on these preliminary results. Parties who submit arguments in this proceeding are requested to submit with the arguments: (1) a statement of the issues, (2) a brief summary of the arguments (no longer than five pages, including footnotes) and (3) a table of authorities.

EFFECTIVE DATE: August 7, 2007.

FOR FURTHER INFORMATION CONTACT:

Mark Flessner 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) 482-6312 or (202) 482-0649, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the antidumping duty order on CMC from Mexico on July 11, 2005. See *Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, the Netherlands, and Sweden*, 70 FR 39734 (July 11, 2005). On July 3, 2006, the Department published the notice of opportunity to request administrative review of CMC from Mexico for the period December 27, 2004, through June 30, 2006. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 71 FR 37890 (July 3, 2006).

On July 17, 2006, Amtex requested a review of its sales of CMC for the period December 27, 2004, through June 30, 2006 (the POR). On August 30, 2006, the Department published in the **Federal Register** a notice of initiation of this antidumping duty administrative review. See *Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 71 FR 51573 (August 30, 2006).

On September 11, 2006, the Department issued its standard

³ If for the final results we determine CP Kelco AB to be the successor to Noviant AB, we will instruct CBP to liquidate entries subject to this review using CP Kelco's final rate, accordingly.