

351.214(b)(2)(iv), Shinho submitted documentation establishing (1) the date on which it first shipped the subject merchandise to the United States, (2) the volume of that shipment, and (3) the date of the first sale to an unaffiliated customer in the United States.

In accordance with section 751(a)(2)(B) and 19 CFR 351.214(d), we are initiating a new shipper review of the antidumping duty order on oil country tubular goods, other than drill pipe, from Korea. We intend to issue final results of this review not later than 270 days from the publication of this notice.

Pursuant to § 351.214(g)(1)(i)(B), the standard period of review (POR) in a new shipper proceeding initiated in the month immediately following the semiannual anniversary month is the six-month period immediately preceding the semi-annual anniversary month. However, Shinho requested that the Department extend the normal six-month period by one month. The Department's regulations provide the Department with the discretion to expand the normal POR to include an entry and sale to an unaffiliated customer in the United States of subject merchandise if that expansion of the period would likely not prevent the completion of the review within the time limits set forth in § 351.214(i). *See Antidumping Duties; Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comment*, 61 FR 7308, 7318 (February 27, 1996); *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27319–20 (May 19, 1997). *See also* 19 CFR 351.214(f)(2)(ii). Because we have determined that the expansion of the period will not likely prevent the completion of the review within the prescribed time limits, we have expanded the semi-annual review period by one month. Therefore, the POR for this review has been defined as August 1, 2000 through February 28, 2001.

Concurrent with publication of this notice, we will instruct the U.S. Customs Service to suspend liquidation of any unliquidated entries of the subject merchandise, and to allow, at the option of the importer, the posting, until the completion of the review, of a bond or security in lieu of a cash deposit for each entry of the merchandise exported by the company listed above, in accordance with 19 CFR 351.214(e).

Interested parties must submit applications for disclosure under administrative protective order in accordance with 19 CFR 351.305 and 351.306.

This initiation and notice are in accordance with section 751(a) of the Act (19 U.S.C. 1675(a)) and 19 CFR 351.214.

Dated: March 30, 2001.

**Joseph A. Spetrini,**

*Deputy Assistant Secretary, AD/CVD Enforcement Group III.*

[FR Doc. 01–8662 Filed 4–6–01; 8:45 am]

**BILLING CODE 3510–DS–P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A–570–847]

#### **Persulfates from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review**

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

**SUMMARY:** The Department of Commerce is conducting an administrative review of the antidumping duty order on persulfates from the People's Republic of China in response to requests by the petitioner, FMC Corporation, and Shanghai Ai Jian Import and Export Corporation, an exporter of the subject merchandise. In addition to this respondent, the petitioner also requested a review of Sinochem Jiangsu Wuxi Import and Export Corporation. The period of review is July 1, 1999, through June 30, 2000.

We have preliminarily found that sales of subject merchandise have been made below normal value for only one of the two respondents. If these preliminary results are adopted in our final results of administrative review, we will instruct the Customs Service to assess antidumping duties only on entries subject to this review by this exporter.

**EFFECTIVE DATE:** April 9, 2001.

**FOR FURTHER INFORMATION CONTACT:** James Nunno, AD/CVD Enforcement Group I, Office II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0783.

**APPLICABLE STATUTE AND REGULATIONS:** Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations

to the Department of Commerce's (the Department's) regulations are to 19 CFR part 351 (2000).

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On July 20, 2000, the Department published in the **Federal Register** a notice of "Opportunity to Request an Administrative Review" of the antidumping duty order on persulfates from the People's Republic of China (PRC) covering the period July 1, 1999 through June 30, 2000. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 65 FR 45035 (July 20, 2000).

On July 31, 2000, in accordance with 19 CFR 351.213(b), the petitioner, FMC Corporation, requested an administrative review of Shanghai Ai Jian Import & Export Corporation (Ai Jian) and Sinochem Jiangsu Wuxi Import & Export Corporation (Wuxi). We also received a request for a review from Ai Jian on July 31, 2000. We published a notice of initiation of this review on September 6, 2000. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 65 FR 53980 (Sept. 6, 2000).

On August 22, 2000, we issued antidumping questionnaires to Ai Jian and Wuxi. The Department received a response from Ai Jian on October 13, 2000. In addition, the Department received a response from Shanghai Ai Jian Reagent Works (AJ Works) (*i.e.*, the producer who supplied the subject merchandise exported by Ai Jian) on October 13, 2000. Wuxi did not respond to the Department's questionnaire.

On October 16, 2000, we issued a letter to Wuxi asking it to indicate whether it intended to participate in this administrative review. On October 23, 2000, Wuxi responded via facsimile indicating that it did not intend to participate.

We issued a supplemental questionnaire to Ai Jian and AJ Works on November 28, 2000.

On December 1, 2000, Ai Jian and the petitioner submitted publicly available information for consideration in valuing the factors of production. On December 8, 2000, the parties submitted rebuttal comments.

On January 19, 2001, Ai Jian and AJ Works submitted responses to the supplemental questionnaire.

We requested additional information concerning packing materials from AJ Works on February 7, 2000. AJ Works responded to our request on February 26, 2000.

### Scope of Review

The products covered by this review are persulfates, including ammonium, potassium, and sodium persulfates. The chemical formula for these persulfates are, respectively,  $(\text{NH}_4)_2\text{S}_2\text{O}_8$ ,  $\text{K}_2\text{S}_2\text{O}_8$ , and  $\text{Na}_2\text{S}_2\text{O}_8$ . Ammonium and potassium persulfates are currently classifiable under subheading 2833.40.60 of the Harmonized Tariff Schedule of the United States (HTSUS). Sodium persulfate is classifiable under HTSUS subheading 2833.40.20. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this review is dispositive.

### Separate Rates

It is the Department's policy to assign all exporters of the merchandise subject to review in non-market-economy (NME) countries a single rate, unless an exporter can demonstrate an absence of government control, both in law and in fact, with respect to exports. To establish whether an exporter is sufficiently independent of government control to be entitled to a separate rate, the Department analyzes the exporter in light of the criteria established in the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*), as amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). Evidence supporting, though not requiring, a finding of *de jure* absence of government control over export activities includes: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies. With respect to evidence of a *de facto* absence of government control, the Department considers the following four factors: (1) Whether the respondent sets its own export prices independently from the government and other exporters; (2) whether the respondent can retain the proceeds from its export sales; (3) whether the respondent has the authority to negotiate and sign contracts; and (4) whether the respondent has autonomy from the government regarding the selection of management. See *Silicon Carbide*, 59 FR at 22587; see also *Sparklers*, 56 FR at 20589.

With respect to Ai Jian, for purposes of our final results covering the period

of review (POR) July 1, 1998, through June 30, 1999, the Department determined that there was an absence of *de jure* and *de facto* government control of its export activities and determined that it warranted a company-specific dumping margin. See *Persulfates From the People's Republic of China: Final Results of Antidumping Administrative Review and Partial Rescission of Administrative Review*, 65 FR 46691, 46692 (July 31, 2000) (*Persulfates Second Review Final*). For purposes of this POR, Ai Jian has responded to the Department's request for information regarding separate rates. We have found that the evidence on the record is consistent with the final results in *Persulfates Second Review Final* and continues to demonstrate an absence of government control, both in law and in fact, with respect to Ai Jian's exports, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*.

With respect to Wuxi, which did not respond to the Department's questionnaire, we preliminarily determine that this company does not merit a separate rate. The Department assigns a single rate to companies in a non-market economy, unless an exporter demonstrates an absence of government control. We preliminarily determine that Wuxi is subject to the country-wide rate for this case because it failed to demonstrate an absence of government control.

### Use of Facts Otherwise Available

On August 22, 2000, the Department sent Wuxi a questionnaire and cover letter, explaining the review procedures, by air mail through FedEx International Airway Bill. A response to the questionnaire, which covered exports to the United States for the POR, was due by October 9, 2000. We did not receive responses by the due date. On October 16, 2000, we sent a follow-up letter regarding the past due date for the questionnaire responses and noting the possibility of relying on facts available. Wuxi replied to this letter indicating that it does not intend to participate in this administrative review. Accordingly, we determine that the use of facts available is appropriate because we have not received a response to the questionnaire.

Section 776(a)(2) of the Act provides that "if an interested party or any other person (A) withholds information that has been requested by the administering authority; (B) fails to provide such information by the deadlines for the submission of the information or in the form and manner requested, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a

proceeding under this title; or (D) provides such information but the information cannot be verified as provided in section 782(i) of the Act, the administering authority shall, subject to section 782(d) of the Act, use the facts otherwise available in reaching the applicable determination under this title."

Because Wuxi, which is part of the PRC entity (see the "Separate Rates" section above), has failed to respond to the original questionnaire and has refused to participate in this administrative review, we find that, in accordance with sections 776(a)(2)(A) and (C) of the Act, the use of total facts available is appropriate for the PRC-wide rate. See, e.g., *Sulfanilic Acid From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 65 FR 13366, 13367 (Mar. 13, 2000).

Section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of the party as facts otherwise available. Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." See Statement of Administrative Action (SAA) accompanying the URAA, H.R. Doc. No. 103-316, at 870 (1994). Furthermore, "an affirmative finding of bad faith on the part of the respondent is not required before the Department may make an adverse inference." See *Antidumping Duties; Countervailing Duties: Final Rule*, 62 FR 27296, 27340 (May 19, 1997) (Final Rule). Section 776(b) of the Act authorizes the Department to use as adverse facts available information derived from the petition, the final determination from the less than fair value (LTFV) investigation, a previous administrative review, or any other information placed on the record.

Under section 782(c) of the Act, a respondent has a responsibility not only to notify the Department if it is unable to provide requested information, but also to provide a "full explanation and suggested alternative forms." Wuxi failed to respond to our questionnaire, thereby failing to comply with this provision of the statute. Therefore, we determine that this respondent failed to cooperate to the best of its ability, making the use of an adverse inference appropriate. In this proceeding, in accordance with Department practice, as adverse facts available we have preliminarily assigned Wuxi and all

other exporters subject to the PRC-wide rate the rate of 119.02 percent, which is the current PRC-wide rate, established in the LTFV investigation, and the highest dumping margin determined in any segment of this proceeding. See *Fresh Garlic From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 64 FR 39115 (July 21, 1999), unchanged in the Department's final results at 65 FR 33295 (May 23, 2000). The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the margin is sufficiently adverse "as to effectuate the purpose of the facts available role to induce respondents to provide the Department with complete and accurate information in a timely manner." See *Static Random Access Memory Semiconductors from Taiwan; Final Determination of Sales at Less than Fair Value*, 63 FR 8909, 8932 (Feb. 23, 1998). The Department also considers the extent to which a party may benefit from its own lack of cooperation in selecting a rate. See *Roller Chain, Other than Bicycle, from Japan; Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 62 FR 60472, 60477 (Nov. 10, 1997). It is reasonable to assume that if Wuxi could have demonstrated that its actual dumping margin was lower than the PRC-wide rate established in the LTFV investigation, it would have participated in this review and attempted to do so.

Section 776(c) of the Act provides that, where the Department selects from among the facts otherwise available and relies on "secondary information," the Department shall, to the extent practicable, corroborate that information from independent sources reasonably at the Department's disposal. Secondary information is described in the SAA as "[i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise." See SAA at 870. The SAA states that "corroborate" means to determine that the information used has probative value. See *id.* To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. Although the petition rate of 119.02 percent constitutes secondary information, the information has already been corroborated in the LTFV investigation and this rate is currently applicable to all PRC exporters that do not have

separate rates. Thus, we find that it is reliable. See *Notice of Final Determination of Sales at Less Than Fair Value: Persulfates from The People's Republic of China*, 62 FR 27222, 27224 (May 19, 1997). With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal to determine whether a margin continues to have relevance. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin. For example, in *Fresh Cut Flowers from Mexico: Final Results of Antidumping Administrative Review*, 61 FR 6812 (Feb. 22, 1996), the Department disregarded the highest margin in that case as adverse best information available (the predecessor to facts available) because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin. Similarly, the Department does not apply a margin that has been discredited. See *D & L Supply Co. v. United States*, 113 F.3d 1220, 1221 (Fed. Cir. 1997) (the Department will not use a margin that has been judicially invalidated); see also *Borden Inc. v. United States*, 4 F. Supp. 2d 1221, 1246-48 (CIT 1998) (the Department may not use an uncorroborated petition margin that is high when compared to calculated margins for the POR). None of these unusual circumstances are present here; nor have we any other reason to believe that application of the rate as adverse facts available would be inappropriate for the PRC-wide rate. Moreover, the rate used is the currently applicable PRC-wide rate. Thus, the 119.02 percent margin does have relevance. Accordingly, we have used the petition rate from the LTFV investigation, 119.02 percent, because there is no evidence on the record indicating that the selected margin is not appropriate as adverse facts available.

#### Export Price

For Ai Jian, we calculated export price (EP) in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and constructed export price methodology was not otherwise warranted, based on the facts of record. We calculated EP based on packed, CIF U.S. port, or FOB PRC port, prices to unaffiliated purchasers in the United States, as appropriate. We made deductions from the starting price, where appropriate, for

ocean freight services which were provided by market economy suppliers. We also deducted from the starting price, where appropriate, an amount for foreign inland freight, foreign brokerage and handling, and marine insurance. As these movement services were provided by NME suppliers, we valued them using Indian rates. For further discussion of our use of surrogate data in an NME proceeding, as well as selection of India as the appropriate surrogate country, see the "Normal Value" section of this notice, below.

For foreign inland freight we used price quotes obtained by the Department from Indian truck freight companies in November 1999. These price quotes were used in *Persulfates Second Review Final*, and were also used in the investigation of bulk aspirin from the PRC. See *Persulfates from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, and Partial Rescission of Administrative Review*, 65 FR 18963, 18966 (Apr. 10, 2000) (*Persulfates Second Review Preliminary Results*), followed in *Persulfates Second Review Final; Notice of Preliminary Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 116, 118 (Jan. 3, 2000). For foreign brokerage and handling expenses, we used public information reported in the new shipper review of stainless steel wire rod from India. See *Certain Stainless Steel Wire Rod From India; Preliminary Results of Antidumping Duty Administrative and New Shipper Reviews*, 63 FR 48184, 48185 (Sept. 9, 1998); the "Preliminary Results Factors Valuation Memorandum from the Team to the File," dated April 2, 2001, at page 6 (*Factors Memorandum*). With respect to marine insurance, Ai Jian asserted that it used a market-economy supplier for its shipments of persulfates. However, based on the submitted information, we could not establish that the insurance charges Ai Jian paid reflect prices set by market-economy carriers. Due to the proprietary nature of the facts underlying our analysis, we cannot discuss them in this forum. For further discussion, see the April 2, 2001, memorandum from the team to the file entitled "U.S. Price and Factors of Production Adjustments for the Preliminary Results." Therefore, in accordance with our practice, we based the marine insurance charges on surrogate values. See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China*, 65 FR 19873

(Apr. 13, 2000) and accompanying decision memorandum at *Comment 3*; and *Sebacic Acid From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 65 FR 49537 (Aug. 14, 2000) and accompanying decision memorandum at *Comment 8*.

Accordingly, we valued marine insurance using the June 1998 marine insurance data used in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results of 1998-1999 Administrative Review, Partial Rescission of Review, and Notice of Intent To Revoke Order in Part*, 65 FR 41944, 41948 (July 7, 2000).<sup>1</sup> We adjusted the values to reflect inflation up to the POR using the wholesale price indices (WPI) published by the International Monetary Fund (IMF).

#### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the normal value (NV) using a factors-of-production methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value (CV) under section 773(a) of the Act.

The Department has treated the PRC as an NME country in all previous antidumping cases. Furthermore, available information does not permit the calculation of NV using home market prices, third country prices, or CV under section 773(a) of the Act. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment in this review. Therefore, we treated the PRC as an NME country for purposes of this review and calculated NV by valuing the factors of production in a surrogate country.

Section 773(c)(4) of the Act and 19 CFR 351.408 direct us to select a surrogate country that is at a level of economic development comparable to that of the PRC. On the basis of *per capita* gross domestic product (GDP), the growth rate in *per capita* GDP, and the national distribution of labor, we

find that India is at a level of economic development comparable to the PRC.<sup>2</sup> See Memorandum from Jeffrey May to Louis Apple, dated October 5, 2000.

Section 773(c)(4) of the Act also requires that, to the extent possible, the Department use a surrogate country that is a significant producer of merchandise comparable to persulfates. For purposes of the most recent segment of this proceeding, we found that India was a producer of persulfates based on information submitted by the respondents. See *Persulfates Second Review Preliminary Results*, 65 FR at 18966.<sup>3</sup> For purposes of this administrative review, we continue to find that India is a significant producer of persulfates based on information submitted by both the respondent and the petitioner. We find that India fulfills both statutory requirements for use as the surrogate country and continue to use India as the surrogate country in this administrative review. We have used publicly available information relating to India, unless otherwise noted, to value the various factors of production.

For purposes of calculating NV, we valued PRC factors of production, in accordance with section 773(c)(1) of the Act. Factors of production include, but are not limited to: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital cost, including depreciation. In examining surrogate values, we selected, where possible, the publicly available value which was: (1) An average non-export value; (2) representative of a range of prices within the POR or most contemporaneous with the POR; (3) product-specific; and (4) tax-exclusive. For a more detailed explanation of the methodology used in calculating various surrogate values, see the *Factors Memorandum*. In accordance with this methodology, we valued the factors of production as follows:

To value ammonium sulfate, caustic soda, and sulfuric acid, we used public information from the Indian publication *Chemical Weekly*, as provided by both the petitioner and the respondent in their December 1, 2000, submissions. For caustic soda and sulfuric acid, because price quotes reported in *Chemical Weekly* are for chemicals with a 100 percent concentration level, we made chemical purity adjustments according to the particular

concentration levels of caustic soda and sulfuric acid used by AJ Works. Where necessary, we adjusted the values reported in *Chemical Weekly* to exclude sales and excise taxes. For potassium sulfate and anhydrous ammonia, we relied on import prices contained in the March 1999 issue of *Monthly Statistics of the Foreign Trade of India (Monthly Statistics)*, as provided by the respondent in its December 1, 2000, submission. For those values not contemporaneous with the POR, we adjusted for inflation using the WPI published by the IMF.

During the POR, AJ Works self-produced ammonium persulfates, which is a material input in the production of potassium and sodium persulfates. In order to value such ammonium persulfates, we calculated the sum of the materials, labor, and energy costs for ammonium persulfates based on the usage factors submitted by AJ Works on October 13, 2000, and January 19, 2001. Consistent with our methodology used in *Persulfates Second Review Final*, we then applied this value to the reported consumption amounts of ammonium persulfates used in the production of potassium and sodium persulfates.

We valued labor based on a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3).

For electricity, we derived a surrogate value based on 1998/1999 electricity price data published by Tata Energy Research Institute. These data were used in the antidumping duty administrative review of manganese metal from the PRC. See *Notice of Final Results of Antidumping Duty Administrative Review of Manganese Metal from the People's Republic of China*, 66 FR 15076 (Mar. 15, 2001) and accompanying decision memorandum at *Comment 10*. We adjusted the values to reflect inflation up to the POR using the electricity-specific price index published by the Reserve Bank of India.

To value water, we relied on public information reported in the October 1997 publication of *Second Water Utilities Data Book: Asian and Pacific Region*. To value coal, we relied on import prices contained in the March 1999 issue of *Monthly Statistics*. We adjusted the values to reflect inflation up to the POR using the WPI published by the IMF.

For the reported packing materials—polyethylene bags, woven bags, polyethylene sheet/film and liner, fiberboard, and paper bags—we relied upon Indian import data from the March 1999 issue of *Monthly Statistics*. For wood pallets, we relied upon Indonesian import data from the December 1998 issue of *Monthly*

<sup>1</sup> This was unchanged in the final results. See, *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of 1998-1999 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part*, 66 FR 1953 (Jan. 10, 2001). (*TRBs 1998-1999 Final Results*).

<sup>2</sup> We also find that Indonesia is at a level of economic development comparable to the PRC.

<sup>3</sup> This finding was unchanged in the final results. See *Persulfates Second Review Final*.

*Statistics* because the submitted Indian data on this material were unreliable as a surrogate value. The data for wood pallets was submitted by the respondent in its December 8, 2000, submission, and used in the recently completed administrative review of tapered roller bearings and parts thereof, finished and unfinished, from the PRC. See *TRBs 1998–1999 Final Results*, 66 FR at 1955 and accompanying decision memorandum at *Comment 10*. We adjusted the Indian rupee values to reflect inflation up to the POR using the WPI published by the IMF. We also adjusted the U.S. dollar value for wood pallets to reflect inflation (or deflation, as appropriate) using the producer price indices published by the IMF.

We made adjustments to account for freight costs between the suppliers and AJ Works' manufacturing facilities for each of the factors of production identified above. In accordance with our practice, for inputs for which we used CIF import values from India or Indonesia, we calculated a surrogate freight cost using the shorter of the reported distances either from the closest PRC ocean port to the factory or from the domestic supplier to the factory. See *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China*, 62 FR 61964, 61977 (Nov. 20, 1997) and the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F.3d 1401 (Fed. Cir. 1997).

To value truck freight, we used price quotes obtained by the Department from Indian truck freight companies in November 1999, as described in the "Export Price" section above. We adjusted the values to reflect inflation up to the POR using the WPI published by the IMF.

For factory overhead, selling, general, and administrative expenses (SG&A), and profit, we relied on the financial statements of Calibre Chemicals Pvt. Limited (Calibre), an Indian producer of potassium persulfates and other chemicals, which were submitted by the petitioner in its December 1, 2000, submission, because this company is a producer of subject merchandise.

The petitioner also submitted the financial statements of National Peroxide Limited (National Peroxide), a producer of hydrogen peroxide, and asserted that, while the Department should value factory overhead and profit using Calibre's financial data, the Department should use National Peroxide's data to value SG&A. The petitioner argues, as it did in previous segments of this proceeding, that

because Calibre produces non-subject merchandise in addition to subject merchandise, its financial data are not representative of persulfates production. However, as we stated in previous segments of this proceeding, we find this approach to be inappropriate and unwarranted. SG&A expenses are not considered to be directly related to the production of merchandise, unlike factory overhead costs. In addition, while we recognize that Calibre's financial data may not mirror the actual experience of AJ Works, this does not render Calibre's data unreliable for purposes of calculating a surrogate SG&A ratio within the context of the Department's NME methodology. Finally, because a company's profit amount is a function of its total expenses, using Calibre's financial data for factory overhead and profit, then using National Peroxide's data for SG&A as proposed by the petitioner, results in applying a profit ratio that bears no relationship to the overhead and SG&A ratios. Therefore, for purposes of these preliminary results, we have continued to rely upon Calibre's financial statements for these values. See *Persulfates From the People's Republic of China: Final Results of Antidumping Review*, 64 FR 69494, 69499–500 (Dec. 13, 1999); *Persulfates Second Review Preliminary Results*, 65 FR at 18967, followed in *Persulfates Second Review Final*.

Consistent with our methodology used in *Persulfates Second Review Final*, we calculated factory overhead as a percentage of the total raw material costs for subject merchandise, as opposed to calculating factory overhead as a percentage of total materials, labor, and energy costs for all products. See *Factors Memorandum* at pages 7–9. We also reclassified certain depreciation expenses from Calibre's financial statements as SG&A expenses. We removed from the profit calculation the excise duties and sales taxes.

#### Preliminary Results of Review

We preliminarily determine that the following margins exist for the period July 1, 1999, through June 30, 2000:

Manufacturer/exporter	Margin (Percent)
Shanghai Ai Jian Import & Export Corporation .....	0.00
PRC-Wide Rate .....	119.02

The Department will disclose to parties the calculations performed in connection with these preliminary results within five days of the date of publication of this notice. Interested

parties may request a hearing within 30 days of the publication. Any hearing, if requested, will be held 44 days after the publication of this notice, or the first workday thereafter. Interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than 35 days after the date of publication of this notice. The Department will publish a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such written briefs or at a hearing, within 120 days of the publication of these preliminary results.

The Department shall determine and the Customs Service shall assess antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the Customs Service upon completion of this review. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties. For assessment purposes, we do not have the information to calculate an estimated entered value. Accordingly, we have calculated importer-specific duty assessment rates for the merchandise by aggregating the dumping margins calculated for all U.S. sales and dividing this amount by the total quantity of those sales. This rate will be assessed uniformly on all entries of that particular importer made during the POR.

Furthermore, the following deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Ai Jian will be that established in the final results of this administrative review; (2) for a company previously found to be entitled to a separate rate and for which no review was requested, the cash deposit rate will be the rate established in the most recent review of that company; (3) the cash deposit rate for all other PRC exporters, including Wuxi, will be 119.02 percent, the PRC-wide rate established in the LTFV investigation; and (4) the cash deposit rate for a non-PRC exporter of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These requirements, when imposed, shall remain in effect until

publication of the final results of the next administrative review.

#### Notification of Interested Parties

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 2, 2001.

**Bernard T. Carreau,**

*Deputy Assistant Secretary, Import Administration.*

[FR Doc. 01-8660 Filed 4-6-01; 8:45 am]

BILLING CODE 3510-DS-P

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-535-001]

#### Cotton Shop Towels From Pakistan: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review

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

**ACTION:** Notice of Preliminary Results of Countervailing Duty Administrative Review.

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on certain cotton shop towels from Pakistan for the period January 1, 1999, through December 31, 1999. For information on the net subsidy for the reviewed companies, please see the "Preliminary Results of Review" section of this notice. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service (Customs) to assess countervailing duties as detailed in the "Preliminary Results of Review" section of this notice. Interested parties are invited to comment on these preliminary results. (See the "Public Comment" section of this notice). In

accordance with 19 CFR 351.213(d)(1), the Department is also rescinding this review with regard to Aqil Textile Industries (Aqil).

**EFFECTIVE DATE:** April 9, 2001.

**FOR FURTHER INFORMATION CONTACT:**

Gayle Longest at (202) 482-3338 or Mark Young at (202) 482-6397, AD/CVD Enforcement Office VI, Group II, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230

**SUPPLEMENTARY INFORMATION:**

#### Background

On March 9, 1984, the Department published in the **Federal Register** (49 FR 8974) the countervailing duty order on certain cotton shop towels from Pakistan. On March 16, 2000, the Department published a notice of "Opportunity to Request an Administrative Review" (65 FR 14242) of this countervailing duty order. We received a timely request for review from Mehtabi Towel Mills Ltd. (Mehtabi), Shahi Textiles (Shahi), Silver Textile Factory (Silver), Universal Linen (Universal), United Towel Exporters (United), R.I. Weaving (R.I.), Fine Fabrico (Fabrico), Ejaz Linen (Ejaz), Quality Linen Supply Corp. (Quality), Jawwad Industries (Jawwad), Ahmed & Co. (Ahmed), and Aqil, the initial respondent companies in this proceeding. On May 1, 2000, the Department published a notice of initiation of administrative review of the countervailing duty on cotton shop towels from Pakistan, covering the period January 1, 1999 through December 31, 1999 (65 FR 25303).

On December 1, 2000, we extended the period for completion of the preliminary results pursuant to section 751(a)(3) of the Tariff Act of 1930, as amended (the Act). See *Certain Cotton Shop Towels From Pakistan: Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative Review* (65 FR 75242).

On February 28, 2001, we received a request to withdraw from the administrative review from Aqil. The applicable regulation, 19 CFR 351.213(d)(1), states that if a party that requested an administrative review withdraws the request within 90 days of the date of publication of the notice of initiation of the requested review, the Secretary will rescind the review. Although the request for recession was made after the 90 day deadline, in accordance with 19 CFR 351.213(d)(1), the Secretary may extend this time limit if the Secretary decides it is reasonable to do so. Due to the fact that Aqil was

the only party to make a request for its administrative review, we find it reasonable to accept the party's withdrawal of its request for review. Moreover, we have received no other comments by any other parties regarding Aqil's request for withdrawal from the administrative review. Therefore, we are rescinding this review of the countervailing duty order on cotton shop towels for Aqil covering the period January 1, 1999, through December 31, 1999.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are the companies listed above, with the exception of Aqil. This review covers seven programs.

#### Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930 (the Act), as amended, are references to the provisions of effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 351 (2000).

#### Scope of Review

The merchandise subject to this review is cotton shop towels. The product covered in this review is provided for under item number 6307.10.20 of the *Harmonized Tariff Schedule of the United States* (HTSUS). The HTSUS subheadings are provided for convenience and Customs purposes. The written description of the scope of this proceeding is dispositive.

#### Attribution of Subsidies

Section 351.525 of the CVD Regulations states that the Department will attribute subsidies received by two or more corporations to the products produced by those corporations where cross-ownership exists. According to section 351.525(b)(6)(vi) of the CVD Regulations, cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. In this review, we found that several of the respondent firms belonged to family-owned company-groups; (*i.e.*, the same family owns companies A, B, and C). All of these family companies produce and export the subject merchandise. Moreover, in most cases these firms share the same physical facilities,