

This notice is to serve as a correction to the producer and exporter name. The Department's findings in the final determination are correct and remain unchanged.

This correction is issued and published in accordance with section 777(i) of the Tariff Act of 1930, as amended.

Dated: May 2, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-846]

Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the 2004/2005 Administrative Review and Preliminary Notice of Intent To Rescind the 2004/2005 New Shipper Review

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

SUMMARY: The Department of Commerce ("the Department") is currently conducting the 2004/2005 administrative review and the 2004/2005 new shipper review of the antidumping duty order on brake rotors from the People's Republic of China ("PRC"). We preliminarily determine that sales have been made below normal value ("NV") with respect to certain exporters who participated fully and are entitled to a separate rate in the administrative review. We also have preliminarily determined that the single sale made by the new shipper, Shanxi Zhongding Auto Parts Co., Ltd. ("SZAP"), was not *bona fide*. If these preliminary results are adopted in our final results of these reviews, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on entries of subject merchandise during the period of review ("POR") for which the importer-specific assessment rates are above *de minimis*.

Interested parties are invited to comment on these preliminary results. We will issue the final results no later than 120 days from the date of publication of this notice.

EFFECTIVE DATE: May 8, 2006.

FOR FURTHER INFORMATION CONTACT: Erin C. Begnal or Christopher D. Riker, AD/CVD Operations, Office 9, Import Administration, International Trade

Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1442 or (202) 482-3441, respectively.

SUPPLEMENTARY INFORMATION:

Background

On February 19, 1999, the Department published in the **Federal Register** the antidumping duty order on brake rotors from the PRC. *See Notice of Antidumping Duty Order: Brake Rotors from the People's Republic of China*, 62 FR 18740 (April 17, 1997).

On March 23, 2005, SZAP, in accordance with 19 CFR 351.214(c), requested a new shipper review of the antidumping duty order on brake rotors from the PRC, which has an April anniversary month. In response to the Department's April 14, 2005, request for information, SZAP provided supplemental information on April 29, 2005. Furthermore, on April 29, 2005, SZAP agreed to waive the time limits of its new shipper review of brake rotors from the PRC, pursuant to 19 CFR 351.214(j)(3), and agreed to have its review conducted concurrently with the 2004/2005 administrative review. On May 27, 2005, the Department initiated a new shipper review of SZAP covering the period April 1, 2004, through March 31, 2005. *See Brake Rotors From the People's Republic of China: Initiation of New Shipper Antidumping Duty Review*, 70 FR 30696 (May 27, 2005).

On April 1, 2005, the Department published a notice of opportunity to request an administrative review of the antidumping duty order on brake rotors from the PRC. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 70 FR 16799 (April 1, 2005).

The Department received timely requests from Laizhou Auto Brake Equipment Company ("LABEC"); Yantai Winhere Auto-Part Manufacturing Co., Ltd. ("Winhere"); Longkou Haimeng Machinery Co., Ltd. ("Haimeng"); Laizhou Hongda Auto Replacement Parts Co., Ltd. ("Hongda"); Hongfa Machinery (Dalian) Co., Ltd. ("Hongfa"); Qingdao Meita Automotive Industry Co., Ltd. ("Meita"); and Shandong Huanri Group General Co., Laizhou Huanri Automobile Parts Co., Ltd., and Shandong Huanri Group Co., Ltd. (Collectively, "Huanri"), on April 27, 2005, for an administrative review of this antidumping duty order in accordance with 19 CFR 351.213. The Department also received a timely request for an administrative review of 26 companies (or producer/exporter

combinations),¹ from the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers ("petitioners"), on April 28, 2005.

On May 16, 2005, the Department received from CBP copies of customs documents pertaining to the entry of brake rotors from the PRC exported by SZAP during the POR. *See Memorandum to the File through John Conniff, Acting Program Manager, AD/CVD Operations, Office 9, Import Administration, from Edward Jacobson, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding 13th Antidumping New Shipper Review of Brake Rotors from the People's Republic of China* (July 13, 2005).

On May 23, 2005, the Department initiated an administrative review of the antidumping duty order on brake rotors from the PRC. *See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 70 FR 30694 (May 27, 2005) ("Initiation Notice"). The review was initiated for 27 individually named firms, with a POR of April 1, 2004, through March 31, 2005.²

¹ The names of these exporters are as follows: (1) China National Industrial Machinery Import & Export Corporation ("CNIM"); (2) Laizhou Automobile Brake Equipment Factory; (3) Qingdao Gren Co. ("Gren"); (4) Winhere; (5) Haimeng; (6) Zibo Luzhou Automobile Parts Co., Ltd. ("ZLAP"); (7) Hongda; (8) Hongfa; (9) Meita; (10) Shandong Huanri (Group) General Company; (11) Longkou TLC Machinery Co., Ltd. ("LKTLC"); (12) Zibo Golden Harvest Machinery Limited Company ("ZGOLD"); (13) Shanxi Fengkun Metallurgical Limited Company ("Fengkun"); (14) Xianghe Xumingyuan Auto Parts Co. ("Xumingyuan"); (15) Xiangfen Hengtai Brake System Co., Ltd. ("Hengtai"); (16) Laizhou City Luqi Machinery Co., Ltd. ("Luqi"); (17) Qingdao Rotec Auto Parts Co., Ltd. ("Rotec"); (18) Shenyang Yinghao Machinery Co. ("Yinghao"); (19) Longkou Jinzheng Machinery (sic) Co. ("Jinzheng"); (20) Dixon Brake System (Longkou) Ltd. ("Dixon"); (21) Laizhou Wally Automobile Co., Ltd. ("Wally"); (22) China National Machinery & Equipment Import & Export (Xianjiang) Corporation and manufactured by any company other than Zibo Botai Manufacturing Co., Ltd. ("Xianjiang/Other than Zibo"); (23) National Automotive Industry Import & Export Corporation or China National Automotive Industry Import & Export Corporation, and manufactured by any company other than Shandong Laizhou Capco Industry ("CNAIIEC/other than Capco"); (24) Shandong Laizhou Capco Industry, and manufactured by any company other than Shandong Laizhou Capco Industry ("Capco/other than Capco"); (25) Laizhou Luyuan Automobile Fittings Co., and manufactured by any company other than Laizhou Luyuan Automobile Fittings Co., or Shenyang Honbase Machinery Co., Ltd. ("LLAFC/other than LLAFC or Honbase"); and (26) Shenyang Honbase Machinery Co., Ltd., and manufactured by any company other than Laizhou Luyuan Automobile Fittings Co., or Shenyang Honbase Machinery Co., Ltd. (sic) ("Honbase/other than Honbase or LLAFC").

² Note: the Department inadvertently separately initiated on Laizhou Huanri Automobile Parts Co., Ltd. and Shangdong Huanri Group General Co.

Of the 27 named firms for which the Department initiated an administrative review, 18 firms indicated they had shipments of subject merchandise during the POR that were subject to review.³ Two firms, Rotec and Xianjiang/Other than Zibo, did not respond to the Department's request for information relating to whether or not the firm had shipments subject to the review. See Memorandum to the File from Edward Jacobson, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding confirmation of delivery of Department questionnaire to Qingdao Rotec Auto Parts Co. Ltd. (June 30, 2005); see also Letter to China National Industrial Machinery Import & Export Corporation from Carrie Blozy, Program Manager, AD/CVD Operations, Office 9, Import Administration, regarding Quantity and Value Response (July 13, 2004). Furthermore, two of the 18 firms, Dixion and Wally, were also participating in ongoing new shipper reviews. See *Brake Rotors From the People's Republic of China: Final Results of the Twelfth New Shipper Review*, 71 FR 4112 (January 25, 2006). After consultations, these two companies agreed to a rescission of their administrative reviews in accordance with 19 CFR 351.214(j). See Memorandum to the File from Carrie Blozy, Program Manager, AD/CVD Operations, Office 9, Import Administration, regarding the 8th Administrative Review of Brake Rotors from the People's Republic of China, (July 28, 2005). As a result, this administrative review covers 16 participating firms.

Due to the large number of participating firms subject to this administrative review, and the Department's experience regarding the administrative burden to review each company for which a request was made, the Department exercised its authority to limit the number of respondents selected for individual review by sampling. On June 7, 2005, the Department issued letters to all firms named in the *Initiation Notice* requesting information on the quantity and value of sales of subject merchandise to the United States (Q&V) during the POR. See letter to "All Interested Parties" from James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration (June 7, 2005). Subsequent letters were sent to potential

respondents and the petitioners to clarify Q&V information covered by this administrative review on July 7, July 8, July 11, and September 15, 2005.

On October 14, 2005, the Department determined that a "probability-proportional-to-size" sampling methodology was the most appropriate approach to limit the selection of respondents in this review. See Letter to "All Interested Parties" from James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration (October 14, 2005). Further, the Department invited comments on the economic, legal, and administrative considerations of the proposed sampling method, pursuant to section 777A(b) of the Tariff Act of 1930, as amended ("the Act"). On October 24, 2005, the Department received comments on the proposed sampling methodology from the petitioners and from LABEC, Winhere, Haimeng, Hongda, Hongfa, Meita, Luqi and Huanri.

The Department conducted the sampling on November 16, 2005. See Section 777A(c)(2) of the Act; see also Memorandum to the File through Christopher Riker, Program Manager, AD/CVD Operations, Office 9, Import Administration, from Erin Begnal, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding sampling procedure results in the *Antidumping Duty Administrative Review: Brake Rotors from the People's Republic of China* (November 16, 2005) ("Sampling Procedure Results Memo"). The following respondents were selected for individual review pursuant to the sampling procedure: Meita, Winhere, Hengtai, Hongfa, and Haimeng. See Sampling Procedure Results Memo; see also Memorandum to the File through Christopher Riker, Program Manager, AD/CVD Operations, Office 9, Import Administration, from Erin Begnal, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding sampling procedure disclosure for the *Antidumping Duty Administrative Review: Brake Rotors from the People's Republic of China* (November 16, 2005); Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, from James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration, regarding *Selection of Respondents for the 2004/2005 Antidumping Administrative Review of Brake Rotors from the People's Republic of China* (December 19, 2005) (where the Department also addressed certain comments received on the Department's sampling methodology).

On December 20, 2005, the Department published in the **Federal Register** a notice of postponement of the preliminary results until no later than May 1, 2006. See *Brake Rotors from the People's Republic of China: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review*, 70 FR 75448 (December 20, 2005).

Respondents

On November 23, 2005, we issued antidumping duty questionnaires to Haimeng, Hengtai, Hongfa, Meita, and Winhere. On November 28, 2005, the Department sent a description of the products under review to the five aforementioned companies. See letters to Haimeng, Hengtai, Hongfa, Meita, and Winhere from Christopher Riker, Program Manager, China/NME Group, Office 9, Import Administration, regarding *Antidumping Duty Administrative Review: Brake Rotors from the People's Republic of China (04/01/04-03/31/05)*, (November 28, 2005).

On December 16, 2005, the Department invited parties to submit comments on the selection of a surrogate country and to submit publicly available information for purposes of calculating normal value. See letter to "All Interested Parties" from Christopher D. Riker, Program Manager, AD/CVD Operations 9, Import Administration, regarding *Administrative Review and New Shipper Review of Brake Rotors from the People's Republic of China: Office of Policy list of Economically Comparable Countries and Schedule for Comments on Surrogate Country* (December 16, 2005).

On December 21, 2005, we received section A responses from Haimeng, Hengtai, Hongfa, Meita, and Winhere. On December 30, 2005, the Department issued supplemental section A questionnaires to Haimeng, Hengtai, Hongfa, Meita, and Winhere. On January 6, 2006, we received sections C and D responses from Haimeng, Hongfa, Meita, and Winhere, and on January 10, 2006, we received the sections C and D responses from Hengtai. On January 11, 2006, we received comments from petitioners on the reconciliation responses submitted by Winhere, Meita and Haimeng.

On January 17, 2006, Hengtai submitted its response to the Department's supplemental section A questionnaire. On January 19, 2006, the Department issued a supplemental sections C and D questionnaire to Hongfa, and issued supplemental sections C and D questionnaires to Haimeng, Hengtai, Meita, and Winhere

³ The firms which indicated they did not have shipments subject to the review were: Jinzheng (June 21, 2005), Xumingyuan (June 24, 2005), CNAIIEC/other than Capco (July 6, 2005), Capco/other than Capco (July 6, 2005), LLAFC/other than LLAFC or Honbase (July 6, 2005), and Honbase/other than Honbase or LLAFC (July 6, 2005).

the following day (*i.e.*, January 20, 2006). On January 24, 2006, we received supplemental section A responses from Haimeng, Hongfa, Meita and Winhere, and on February 13, 2006, we received supplemental sections C and D responses from Haimeng, Hengtai, Hongfa, Meita and Winhere.

The Department has a rebuttable presumption that a single dumping margin is appropriate for all exporters in an NME country. However, the Department considers information submitted in response to Departmental questionnaires in order to determine whether or not respondents qualify for a separate rate. On January 10, 2006, the Department issued section A questionnaires to CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, Luqi and Yinghao in order to determine whether or not they qualify for a separate rate.

On January 30, 2006, we received section A responses from ZGOLD and ZLAP. On January 31, 2006, we received a section A response from Longkou TLC. On February 3, 2006, we received section A responses from Hongda, Huanri, LABEC, and Luqi. On February 8, 2006, we received section A responses from CNIM, GREN, Fengkun and Yinghao. On February 10, 2006, the Department issued a supplemental section A questionnaire to Huanri. On February 13, 2006, Hongda provided a CBP entry summary that was not included in its February 3, 2006, section A response. In addition to the supplemental questionnaire issued to Huanri, we sent supplemental section A questionnaires to LABEC, Luqi, ZGOLD and ZLAP on February 15, 2006; Longkou TLC and Yinghao on February 22, 2006; CNIM on February 23, 2006; Fengkun and GREN on March 2, 2006; and Hongda on March 16, 2006.

On February 22, 2006, we received a response to our supplemental section A questionnaire from Huanri. On February 27, 2006, we received responses to our supplemental section A questionnaires from LABEC, Luqi, ZGOLD, and ZLAP. On March 2, 2006, we received a supplemental section A response from Longkou TLC. On March 6, 2006, we received supplemental section A responses from CNIM and Yinghao. We also received supplemental section A responses from GREN and Fengkun on March 14, 2006 and from Hongda on March 28, 2006.

On February 14, 2006, the Department issued verification outlines to Meita, Winhere and Huanri. The Department conducted verification of the responses of Winhere from February 27 through March 1, 2006 and Meita from March 2 through 4, 2006. Huanri cancelled

verification one day before it was set to commence. *See* letter from Huanri regarding cancellation of verification (March 8, 2006). On March 3, 2006, the Department issued a verification outline to Hongfa; the Department issued a verification outline to SZAP on March 7, 2006. On March 6, 2006, Meita submitted minor corrections presented at verification. The Department conducted verification of the responses of Hongfa from March 13 through 15, 2006, and SZAP from March 22 through 24, 2006.

On March 16, 2006, petitioners submitted publicly available information for use in the calculation of normal value in the administrative and new shipper reviews. Also, on March 16, 2006, Haimeng, Hongfa, Meita, Winhere, LABEC, Hongda, and Luqi submitted publicly available information for use in the calculation of normal value in the administrative review. On March 27, 2006, petitioners submitted rebuttal comments to the aforementioned respondents' March 16, 2006, filing. On April 13, 2006, Haimeng, Hongfa, Meita, Winhere, LABEC, Hongda, and Luqi submitted additional publicly available information for consideration in valuing brokerage and handling.

On April 20, 2006, the Department released the verification reports for Hongfa, Meita and Winhere. *See Verification of the Sales and Factors Response of Qingdao Meita Automotive Industry Co., Ltd. in the Antidumping Administrative Review of Brake Rotors from the People's Republic of China* (April 20, 2006) ("Meita Verification Report"); *Verification of the Sales and Factors Response of Yantai Winhere Auto-Part Manufacturing Co., Ltd. in the Antidumping Administrative Review of Brake Rotors from the People's Republic of China* (April 20, 2006) ("Winhere Verification Report"); *Verification of the Sales and Factors Response of Hongfa Machinery (Dalian) Co., Ltd. in the Antidumping Administrative Review of Brake Rotors from the People's Republic of China* (April 20, 2006) ("Hongfa Verification Report"). On April 26, 2006, the Department released the verification report for SZAP. *See Verification of the Sales and Factors Response of Shanxi Zhongding Auto Parts Co., Ltd. in the New Shipper Review of Brake Rotors from the People's Republic of China* (April 26, 2006) ("SZAP Verification Report").

Surrogate Country and Factors

As previously stated, on December 16, 2005, the Department provided parties an opportunity to submit publicly

available information ("PAI") on surrogate countries and values for consideration in these preliminary results. As previously indicated, the Department received comments on March 16, 2006, March 27, 2006, and April 13, 2006.

Scope of the Order

The products covered by this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under "one ton and a half," and light trucks designated as "one ton and a half."

Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles, and do not contain in the casting a logo of an original equipment manufacturer ("OEM") which produces vehicles sold in the United States. (*e.g.*, General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in this order are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).

Brake rotors are currently classifiable under subheading 8708.39.5010 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

Verification

On August 31, 2005, petitioners requested that the Department conduct verification of the data submitted by all of the firms for which the Department initiated an administrative review, as

well as SZAP. However, due to the Department's resource constraints in conducting these reviews, we only selected Hongfa, Huanri, Meita, Winhere and SZAP for verification pursuant to Section 782(i)(2) of the Act and 19 CFR 351.307. As noted above, Huanri cancelled its verification a day prior to its scheduled commencement. See letter from Huanri regarding cancellation of verification (March 8, 2006).

For the companies we did verify, we used standard verification procedures, including on-site inspection of the manufacturers' and exporters' facilities, and examination of relevant sales and financial records. Our verification results are outlined in the verification report for each company. For a further discussion, see the Meita Verification Report, the Winhere Verification Report, the Hongfa Verification Report, and the SZAP Verification Report.

Preliminary Partial Rescission of 2004/2005 Administrative Review

With respect to Jinzheng, Xumingyuan, CNAIEC/other than Capco, Capco/other than Capco, LLAFC/other than LLAFC or Honbase, and Honbase/other than Honbase or LLAFC, each has informed the Department that it did not export the subject merchandise to the United States during the POR in the combinations referenced above, where applicable. Specifically, (1) neither Jinzheng nor Xumingyuan exported subject merchandise to the United States during the POR; (2) CNAIEC did not export brake rotors to the United States that were manufactured by producers other than Capco; (3) Capco did not export brake rotors to the United States that were manufactured by producers other than Capco; (4) LLAFC did not export brake rotors to the United States that were manufactured by producers other than LLAFC or Honbase; and (5) Honbase did not export brake rotors to the United States that were manufactured by producers other than Honbase or LLAFC. In order to corroborate these submissions, we reviewed PRC brake rotor shipment data maintained by CBP, and noted no discrepancies with the statements made by these firms.

Furthermore, on July 28, 2005, Dixon and Wally noted, in accordance with section 351.214(j) of the Department's regulations, that their ongoing new shipper reviews covered all of their subject merchandise exports which would be subject to this administrative review. After consulting with both, Wally and Dixon agreed to a rescission of their administrative reviews. See Memorandum to the File from Carrie

Blozy, Program Manager, AD/CVD Operations, Office 9, Import Administration, regarding the *8th Administrative Review of Brake Rotors from the People's Republic of China*, (July 28, 2005).

Therefore, for the reasons mentioned above, we are preliminarily rescinding the administrative review with respect to Jinzheng, Xumingyuan, CNAIEC/other than Capco, Capco/other than Capco, LLAFC/other than LLAFC or Honbase, Honbase/other than Honbase or LLAFC, and Dixon and Wally because we either found no evidence that any of these companies made shipments of the subject merchandise during the POR, in accordance with 19 CFR 351.213(d)(3), or these companies consented to a rescission of the administrative review pursuant to 19 CFR 351.214(j).

Bona Fide Sale Analysis—SZAP

For the reasons stated below, we preliminarily find that SZAP's reported U.S. sale during the POR does not appear to be a *bona fide* sale, based on the totality of the facts on the record. See *Glycine From The People's Republic of China: Rescission of Antidumping Duty New Shipper Review of Hebei New Donghua Amino Acid Co., Ltd.*, 69 FR 47405, 47406 (August 5, 2004). Specifically, we find that: 1) the difference in the sales price of SZAP's single POR sale as compared to the prices of its subsequent sales, 2) the quantity of its single POR sale as compared to its subsequent sales, 3) questionable sales documentation pertaining to SZAP's U.S. sale; and finally, 4) other indicia of a non-*bona fide* transaction, all demonstrate that the single sale under review was not *bona fide*. Therefore, this sale does not provide a reasonable or reliable basis for calculating a dumping margin.

For the reasons mentioned above, the Department preliminarily finds that SZAP's sole U.S. sale during the POR was not a *bona fide* commercial transaction and is preliminarily rescinding the new shipper review of SZAP. For a more detailed analysis, see Memorandum to James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration, through Christopher D. Riker, Program Manager, AD/CVD Operations, Office 9, from Erin C. Begnal, Analyst, AD/CVD Operations, Office 9, regarding *Bona Fides Analysis and Intent to Rescind New Shipper Review of Brake Rotors from the People's Republic of China for Shanxi Zhongding Auto Parts Co., Ltd.* (May 1, 2006).

Non-Market Economy Country

In every case conducted by the Department involving the PRC, the PRC has been treated as a non-market economy ("NME") country. Pursuant to section 771(18)(C)(i) of the Act, any determination that a foreign country is a NME country shall remain in effect until revoked by the administering authority. See, e.g., *Freshwater Crawfish Tail Meat from the People's Republic of China: Notice of Final Results of Antidumping Duty Administrative Review*, 71 FR 7013 (February 10, 2006). None of the parties to this proceeding has contested such treatment. Accordingly, we calculated NV in accordance with section 773(c) of the Act, which applies to NME countries.

Surrogate Country

Section 773(c)(4) of the Act requires the Department to value an NME producer's factors of production, to the extent possible, in one or more market-economy countries that (1) are at a level of economic development comparable to that of the NME country, and (2) are significant producers of comparable merchandise. India is among the countries comparable to the PRC in terms of overall economic development. See Letter to "All Interested Parties" from Christopher D. Riker, Program Manager, AD/CVD Operations 9, regarding *Administrative Review and New Shipper Review of Brake Rotors from the People's Republic of China: Office of Policy list of Economically Comparable Countries and Schedule for Comments on Surrogate Country* at Attachment I (December 16, 2005). In addition, based on publicly available information placed on the record (e.g., export data), India is a significant producer of the subject merchandise. See Memorandum to James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration, through Christopher D. Riker, Program Manager, AD/CVD Operations, Office 9, from Michael Quigley, Analyst, AD/CVD Operations, Office 9, regarding *2004-2005 Antidumping Duty Administrative Review and New Shipper Review of Brake Rotors from the People's Republic of China: Selection of a Surrogate Country* (May 1, 2006). Accordingly, we have selected India as the primary surrogate country for purposes of valuing the factors of production because it meets the Department's criteria for surrogate-country selection. See *Id.*

Facts Available—Hengtai, Rotec and Xianjiang/Other than Zibo

For the reasons outlined below, we have applied total adverse facts available to Hengtai, Rotec and Xianjiang/Other than Zibo.

At the verification of SZAP, we found email correspondence between SZAP and Hengtai from the POR which indicated that SZAP produced brake rotors that were sold by Hengtai, and that Hengtai also purchased brake rotors from SZAP. Hengtai did not report that SZAP was a supplier during the POR and therefore there is no indication that Hengtai accurately reported its factors of production including SZAP's factors of production, as required. In addition, there is no indication that Hengtai included sales of subject merchandise manufactured by SZAP in its U.S. sales database, thereby understating its total U.S. sales.

Because these findings directly contradict statements made on the record by Hengtai that Hengtai produced all of the subject merchandise that it sold during the POR, we find that Hengtai did not provide the Department with accurate or complete data pursuant to section 776(a)(2) of the Act. Specifically, section 776(a)(2) of the Act provides that, if an interested party: (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested subject to sections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the antidumping statute, or (D) provides such information but the information cannot be verified, the Department shall, subject to section 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

The evidence discovered at SZAP's verification suggests Hengtai likely sold subject merchandise produced by SZAP to the United States. If so, Hengtai should have reported U.S. sales of merchandise produced by SZAP as well as SZAP's factors of production in conjunction with its own. Because evidence obtained by the Department indicates that Hengtai's reported factors of production data certainly, and U.S. sales data likely, is incomplete, we have no choice but to apply facts available to Hengtai.

Furthermore, section 776(b) of the Act states 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 from the administering authority or the Commission, the administering authority or the

Commission . . . , in reaching the applicable determination under this title, may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available." See also Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 103-316 at 870 (1994) ("SAA"). Because Hengtai withheld information in its possession and failed to do its utmost in response to the Department's questions, the Department is applying total adverse facts available to Hengtai. See Memorandum to James C. Doyle, Director, AD/CVD Operations, Office 9, Import Administration, through Christopher D. Riker, Program Manager, AD/CVD Operations, Office 9, Import Administration, from Erin C. Begnal, Case Analyst, AD/CVD Operations, Office 9, Import Administration, regarding *2004/2005 Antidumping Administrative Review of Brake Rotors from the People's Republic of China: Preliminary Application of Adverse Facts Available to Xiangfen Hengtai Brake System Co., Ltd.*, (May 1, 2006) for further discussion on the application of adverse facts available to Hengtai.

The Department mailed Q&V questionnaires to Rotec and Xianjiang/Other than Zibo on June 7, 2005. However, both Rotec and Xianjiang/Other than Zibo failed to respond to the Department's Q&V questionnaire. By not responding to the Department's Q&V questionnaire, Rotec and Xianjiang/Other than Zibo failed to provide critical information to be used for the Department's respondent selection process. Pursuant to sections 776(a) and (b) of the Act, the Department may apply adverse facts available if it finds a respondent has failed to cooperate by not acting to the best of its ability to comply with a request for information from the Department. By failing to respond to the Department's Q&V questionnaire, Rotec and Xianjiang/Other than Zibo have failed to act to the best of their ability in this segment of the proceeding.

In addition, because Rotec and Xianjiang/Other than Zibo did not participate in the respondent selection exercise, the Department did not send them a questionnaire and was unable to determine whether or not they qualified for a separate rate. Therefore, Rotec and Xianjiang/Other than Zibo are not eligible to receive a separate rate and will be part of the PRC-wide entity, subject to the PRC-wide rate. Pursuant to section 776(b) of the Act, we have applied total adverse facts available with respect to the PRC-wide entity, including, among others, Rotec and Xianjiang/Other than Zibo.

In this segment of the proceeding, in accordance with Department practice (see, e.g., *Brake Rotors from the People's Republic of China: Rescission of Second New Shipper Review and Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 64 FR 61581, 61584 (November 12, 1999), as adverse facts available, we have assigned to exports of the subject merchandise by Rotec and Xianjiang/Other than Zibo a rate of 43.32 percent, which is the PRC-wide rate.

Corroboration of Facts Available

Section 776(c) of the Act requires that the Department corroborate, to the extent practicable, a figure which it applies as facts available. To be considered corroborated, information must be found to be both reliable and relevant. We are applying as adverse facts available ("AFA") the highest rate from any segment of this administrative proceeding, which is the rate currently applicable to all exporters subject to the PRC-wide rate. The information upon which the AFA rate is based in the current review (i.e., the PRC-wide rate of 43.32 percent) was the highest rate from the petition in the LTFV investigation. See *Notice of Antidumping Duty Order: Brake Rotors from the People's Republic of China*, 62 FR 18740 (April 17, 1997). This AFA rate is the same rate which the Department assigned to brake rotor companies in prior reviews and the rate itself has not changed since the original LTFV determination. See, e.g., *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the Seventh Administrative Review: Final Results of the Eleventh New Shipper Review*, 70 FR at 69937 (November 18, 2005) (*Brake Rotors 7th Review Final Results*). For purposes of corroboration, the Department will consider whether that margin is both reliable and relevant. The AFA rate we are applying for the current review was corroborated in reviews subsequent to the LTFV investigation to the extent that the Department referred to the history of corroboration. Furthermore, no information has been presented in the current review that calls into question the reliability of this information.

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 AFA, 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 (February 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. The information used in calculating this margin was based on sales and production data submitted by the petitioner in the LTFV investigation, together with the most appropriate surrogate value information available to the Department chosen from submissions by the parties in the LTFV investigation, as well as information gathered by the Department itself. Furthermore, the calculation of this margin was subject to comment from interested parties in the proceeding. Moreover, as there is no information on the record of this review that demonstrates that this rate is not appropriately used as AFA, we determine that this rate has relevance.

As the 43.32 percent rate is both reliable and relevant, we determine that it has probative value. Accordingly, we determine that the calculated rate of 43.32 percent, which is the current PRC-wide rate, is in accord with the requirement of section 776(c) that secondary information be corroborated to the extent practicable (*i.e.*, that it have probative value). We have assigned this AFA rate to exports of the subject merchandise by the PRC-wide entity, including Rotec and Xianjiang/Other than Zibo.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty deposit rate (*i.e.*, a PRC-wide rate).

Of the 16 respondents participating in these reviews, four of the PRC companies (*i.e.*, Hongfa, Meita, Winhere and Yinghao) are owned wholly by entities located in market-economy countries. Thus, for these four companies, because we have no evidence indicating that they are under the control of the PRC government, a separate rates analysis is not necessary to determine whether they are independent from government control. *See, e.g., Brake Rotors from the People's Republic of China: Final Results and Partial Rescission of Fifth New Shipper Review*, 66 FR 44331 (August 23, 2001); *see also Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate from the People's*

Republic of China, 64 FR 71104 (December 20, 1999).

The remaining 12 respondents (*i.e.*, Haimeng, Hengtai, CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, and Luqi) are either joint ventures between PRC and foreign companies, collectively-owned enterprises and/or limited liability companies in the PRC. Thus, for these 12 respondents, a separate rates analysis is necessary to determine whether the export activities of each above-mentioned respondent is independent from government control. *See Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China*, 61 FR 19026 (April 30, 1996) ("*Bicycles*"). To establish whether a firm is sufficiently independent in its export activities from government control to be entitled to a separate rate, the Department utilizes a test arising from 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*"); *See also 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*"), where the Department adapted and amplified the separate rates test set out in *Sparklers*. Under the separate-rates criteria, the Department assigns separate rates in NME cases only if the respondent can demonstrate the absence of both *de jure* and *de facto* governmental control over its export activities.

1. De Jure Control

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 the 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.

Haimeng, Hengtai, CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, and Luqi have each placed on the administrative record documents to demonstrate an absence of *de jure* control (*e.g.*, the 1994 "Foreign Trade Law of the People's Republic of China," and the 1999 "Company Law of the People's Republic of China").

As in prior cases, we have analyzed the laws presented to us and have found them to establish sufficiently an absence of *de jure* control over joint ventures between the PRC and foreign

companies, and limited liability companies in the PRC. *See, e.g., Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544 (May 8, 1995) ("*Furfuryl Alcohol*"); *Preliminary Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers from the People's Republic of China*, 60 FR 29571 (June 5, 1995). We have no new information in this proceeding which would cause us to reconsider this determination with regard to Haimeng, Hengtai, CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, and Luqi.

2. De Facto Control

As stated in previous cases, there is evidence that certain enactments of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. *See Silicon Carbide; see also Furfuryl Alcohol*. Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether the respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices are set by, or subject to the approval of, a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses. *See Silicon Carbide; see also Furfuryl Alcohol*.

Haimeng, Hengtai, CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, and Luqi have each asserted the following: (1) it establishes its own export prices; (2) it negotiates contracts without guidance from any governmental entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales, uses profits according to its business needs, and has the authority to sell its assets and to obtain loans. Additionally, each of these companies' questionnaire responses indicates that its pricing

during the POR does not suggest coordination among exporters.

Consequently, with the exception of Huanri (as discussed below), we have preliminarily determined that Haimeng, Hengtai, CNIM, LABEC, Gren, ZLAP, Hongda, Huanri, Longkou TLC, ZGOLD, Fengkun, and Luqi have each met the criteria for the application of separate rates based on the documentation each of these respondents has submitted on the record of these reviews. See Memorandum to James C. Doyle, Director, AD/CVD Enforcement, Office 9, from Christopher D. Riker, Program Manager, AD/CVD Enforcement, Office 9, Import Administration, regarding *2004/2005 Administrative Review of Brake Rotors from the People's Republic of China: Separate Rates Analysis for Respondents (Including Exporters Not Being Individually Reviewed)* (May 1, 2006).

With respect to Huanri, the Department preliminarily finds that it has not demonstrated a *de facto* absence of government control with respect to making its own decisions in key personnel selections, the use of its profits from the proceeds of export sales, and the authority to negotiate and sign contracts and other agreements. See *Silicon Carbide*. Huanri is therefore not entitled to a separate rate.

As noted above, on March 8, 2006, Huanri filed a letter with the Department indicating that it wished to cancel the scheduled verification before it began. Huanri acknowledged in this letter that it understood, because of the verification cancellation, that the Department may find the company has not cooperated to the best of its ability pursuant to section 776(b) of the Act.

Section 776(a)(2)(C) of the Tariff Act of 1930, as amended (the "Act"), provides that, if an interested party "provides such information but the information cannot be verified, the Department shall, subject to section 782(d) of the Act, use facts otherwise available in reaching the applicable determination." Because the Department could not verify the information submitted by Huanri regarding its formation and ownership, that information cannot serve as the basis for the Department's determination regarding Huanri's eligibility for a separate rate. Moreover, because information concerning Huanri's submissions were unverifiable, Huanri has failed to demonstrate that it: (1) sets its own export prices independent of the government and without the approval of a government authority; (2) has authority to negotiate and sign contracts, and other agreements; (3) has autonomy from the

government in making decisions regarding the selection of its management; and (4) retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. See *Sparklers*. Therefore, as facts available, and because Huanri failed to satisfy its administrative burden, we preliminarily find that Huanri should properly be considered part of the PRC-wide entity and be subject to the PRC-wide rate.

Fair Value Comparisons

To determine whether sales of the subject merchandise by Haimeng, Hongfa, Meita, and Winhere to the United States were made at prices below normal value ("NV"), we compared each company's export prices ("EPs") or constructed export prices ("CEPs") to NV, as described in the "Export Price," "Constructed Export Price," and "Normal Value" sections of this notice, below.

Export Price

For each respondent, we used EP methodology in accordance with section 772(a) of the Act for sales in which the subject merchandise was first sold prior to importation by the exporter outside the United States directly to an unaffiliated purchaser in the United States and for sales in which CEP was not otherwise indicated. We made the following company-specific adjustments:

A. Haimeng, Hongfa, Meita, and Winhere

We calculated EP based on packed, FOB or CIF foreign port prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight and foreign brokerage and handling charges in the PRC, and international freight, in accordance with section 772(c) of the Act. Because foreign inland freight and foreign brokerage and handling fees were provided by PRC service providers or paid for in renminbi, we based those charges on surrogate rates from India. See "Surrogate Country" section below for further discussion of our surrogate-country selection.

To value foreign brokerage and handling expenses, we used publicly summarized or "ranged" expense data submitted during the past year by Indian companies in connection with other antidumping duty administrative reviews conducted by the Department.⁴

⁴ We used data from the public version of the February 28, 2005, Section C response of Essar Steel

In determining the most appropriate surrogate values to use in a given case, the Department's stated practice is to use investigation or review period-wide price averages, prices specific to the input in question, prices that are net of taxes and import duties, prices that are contemporaneous with the period of investigation or review, and publicly available data. The data we used for brokerage and handling expenses fulfill all of the foregoing criteria except that they are not specific to the subject merchandise: there is no information of that type on the record of this review.

The information we used corresponds in part to what the petitioners placed on the record for this expense category. However, we did not use part of the petitioners' information (*i.e.*, information from Pidilite Industries Ltd.) which stemmed from an earlier case because it is not contemporaneous with the POR in the instant case. We also did not use some of the information submitted by respondents Haimeng, Hongfa, Meita, Winhere, LABEC, Hongda, and Luqi because it is not clear what the information represents, *e.g.*, what time period it was taken from, whereas, as noted by petitioners, the Indian data we are using are per kilogram values paid by market economy companies and are representative of these Indian companies' actual practices during the POR.

We used a simple average of two companies' brokerage expense data in order to achieve a more representative value than a single source would provide. Both sources are of equal quality and are contemporaneous with the POR. See *Bicycles* (on using a simple, as opposed to a weighted, average in the calculation of financial ratios).

Two respondents (*i.e.*, Haimeng and Winhere) reported that they did not incur costs for the ball bearing cups and lug bolts they incorporated into certain brake rotor models which they exported to the United States, because their U.S. customers provided these items free-of-charge. Both companies supported their claims that their U.S. customers

Limited in the antidumping duty administrative review of certain hot-rolled carbon steel flat products from India, which covers the period December 1, 2003, through November 30, 2004. We also used information from Agro Dutch Industries Ltd., taken from the administrative review of preserved mushrooms from India, for which the POR was February 1, 2004 through January 31, 2005. See *Certain Hot-Rolled Carbon Steel Flat Products From India: Preliminary Results of Antidumping Duty Administrative Review*, 71 FR 2018 (January 12, 2006); see also *Certain Preserved Mushrooms From India: Final Results of Antidumping Duty Administrative Review*, 71 FR 10646 (March 2, 2006).

contracted with PRC ball bearing cup and lug bolts producers to deliver these components to the respondents in specific quantities free-of-charge, and that the components were then incorporated, in corresponding quantities, in the integral models shipped to U.S. customers during the POR.

To reflect the U.S. customers' expenditures for these items, we adjusted the U.S. price of the transactions in question by assigning Indian surrogate values to the ball bearing cups and lug bolts used in those integral brake rotor transactions and added these amounts to U.S. price. See *Brake Rotors 7th Review Final Results* and the accompanying Issues and Decisions Memorandum at Comment 5. See also *Certain Preserved Mushrooms From the People's Republic of China: Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review* 70 FR 54361 (September 14, 2005), and the accompanying Issues and Decisions Memorandum at Comment 13.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using a factors-of-production methodology if the merchandise is exported from an NME country and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department will base NV on the factors of production because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under its normal methodologies.

For purposes of calculating NV, we valued the PRC factors of production in accordance with section 773(c)(1) of the Act. Factors of production include, but are not limited to, hours of labor required, quantities of raw materials employed, amounts of energy and other utilities consumed, and representative capital costs, including depreciation. See section 773(c)(3) of the Act. In examining surrogate values, we selected, where possible, the publicly available value which was an average non-export value, representative of a range of prices within the POR or most contemporaneous with the POR, product-specific, and tax-exclusive. See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates from the People's Republic of China*, 69 FR 75294, 75300

(December 16, 2004) ("*Chlorinated Isocyanurates*"). We used the usage rates reported by the respondents for materials, energy, labor, by-products, and packing. For a detailed explanation of the methodology used to calculate surrogate values, see *Preliminary Results Valuation Memorandum*, dated May 1, 2005 ("*Factor Valuation Memo*").

Regarding the components supplied free-of-charge to two respondents, section 773(c)(3) of the Act states that "the factors of production utilized in producing merchandise include, but are not limited to the quantities of raw materials employed." Therefore, consistent with the corresponding adjustment to U.S. price discussed above, we valued the ball bearing cups and lug bolts usage amounts reported by these respondents for specific integral brake rotor models by using an Indian surrogate value for each input. See *Factor Valuation Memo*.

Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on the factors of production reported by the respondents for the POR. We relied on the factor specification data submitted by the respondents for the above-mentioned inputs in their questionnaire and supplemental questionnaire responses, where applicable, for purposes of selecting surrogate values.

To calculate NV, we multiplied the reported per-unit factor quantities by publicly available Indian surrogate values (except where noted below). In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. Specifically, we added to Indian import surrogate values a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory, where appropriate. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F. 3d 1401 (Fed. Cir. 1997). Due to the extensive number of surrogate values in this administrative review, we present a discussion of the main factors. For a detailed description of all surrogate values used for respondents, see *Factor Valuation Memo*.

Except where discussed below, we valued raw material inputs using April 2004–March 2005 weighted-average Indian import values derived from the *World Trade Atlas* online ("WTA") (see

also *Factor Valuation Memo*). The Indian import statistics we obtained from the WTA were published by the DGCI&S, Ministry of Commerce of India, which were reported in rupees. Indian surrogate values denominated in foreign currencies were converted to U.S. dollars using the applicable average exchange rate for India for the POR. The average exchange rate was based on exchange rate data from the Department's Web site. See <http://ia.ita.doc.gov/exchange/index.html>. Where we could not obtain PAI contemporaneous with the POR with which to value factors, we adjusted the surrogate values for inflation using Indian wholesale price indices ("WPIs") as published in the International Monetary Fund's *International Financial Statistics*. See *Factor Valuation Memo*.

Furthermore, with regard to the Indian import-based surrogate values, we have disregarded prices from NME countries and those that we have reason to believe or suspect may be subsidized (i.e., Indonesia, South Korea, and Thailand). We have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies. Therefore, it is reasonable to believe or suspect all exports to all markets from these countries are subsidized. See, e.g., *Final Determination of Sales at Less Than Fair Value: Certain Helical Spring Lock Washers From The People's Republic*, 58 FR 48833 (September 20, 1993), and accompanying Issues and Decision Memorandum at Comment 1.

Finally, we excluded imports that were labeled as originating from an "unspecified" country from the average value, because the Department could not be certain that they were not from either an NME or a country with general export subsidies.

To value lubrication oil, we used January 2004–December 2004 WTA average import values from the Philippines, because the post-March 2000 Indian import values from WTA for this input were unavailable or were labeled as originating from an "unspecified" country. Moreover, the import values from WTA for the other recommended surrogate countries either did not provide data on a country-of-origin-specific basis or were unavailable.

We valued electricity using the 2000 total average price per kilowatt hour for "Electricity for Industry" as reported in the International Energy Agency's publication, *Energy Prices and Taxes, Second Quarter, 2003*. We adjusted this rate for inflation.

The Department revised its calculation of expected wages of selected NME countries. See <http://ia.ita.doc.gov/wages/index.html>. The Department's revised calculation of expected NME wages, consistent with its normal methodology and with Section 351.408(c)(3) of the Department's regulations, is based on the most current data available as of November 2005. The Department's expected NME wage rate for the PRC is USD \$0.97 per hour. We used this wage rate in valuing labor.

To value corrugated paper cartons, nails, plastic bags, plastic sheets/covers, paper sheet, steel strip, particle board, plywood and straps/buckles, tape and pallet wood, we used April 2004–March 2005 average import values from WTA. All respondents (with the exception of Hengtai) included the weight of the clamps/buckles in their reported steel strip weights since the material of both inputs was the same. Therefore, we valued these factors using the combined weight reported by the respondents.

To value PRC inland freight for inputs shipped by truck, we used Indian freight rates from the following Web site: <http://www.infreight.com>. To value PRC inland freight by barge we used an Indian domestic shipping rate from the 2000–2001 antidumping duty administrative review of helical spring lock washers from the PRC. See *Certain Helical Spring Lock Washers from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 67 FR 8520 (Feb. 25, 2002), and accompanying decision memorandum at comment 5; *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyvinyl Alcohol from the People's Republic of China*, 68 FR 13674 (March 20, 2003). We adjusted this rate for inflation.

To value factory overhead and selling, general and administrative (“SG&A”) expenses, and profit, we used data from the 2004–2005 financial reports of Kalyani Brakes Limited and Rico Auto Industries Limited. These Indian companies are producers of the subject merchandise based on data contained in each Indian company's financial reports.

Where appropriate, the excise duty amounts listed in the financial reports were removed from the surrogate overhead and SG&A calculations. Moreover, petitioners made certain adjustments to the calculated ratios as a result of reclassifying certain expenses contained in the financial reports consistent with the Department's normal practice. See, e.g., *Brake Rotors 7th Review Final Results*. For a further

discussion of the adjustments made, see *Factor Valuation Memo*.

Two respondents (i.e., Winhere and Meita) neglected to report transportation distances from their casting facilities to their finishing workshops. See Winhere Verification Report; see also Meita Verification Report. Therefore, for purposes of these preliminary results, we are using the surrogate value for truck freight to value this foreign inland transportation expense for these two companies using distances information obtained at verification. See Memorandum to the File, through Christopher D. Riker, Program Manager, Ad/CVD Operations, Office 9, Import Administration, from Thomas Killiam, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding *2004/2005 Antidumping Duty Administrative Review of the Antidumping Duty Order on Brake Rotors from the People's Republic of China: Calculation Memorandum for the Preliminary Results for Yantai Winhere Auto-Part Manufacturing Co., Ltd.* (“Winhere”) (May 1, 2006); see also Memorandum to the File, through Christopher D. Riker, Program Manager, Ad/CVD Operations, Office 9, Import Administration, from Thomas Killiam, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding *2004/2005 Antidumping Duty Administrative Review of the Antidumping Duty Order on Brake Rotors from the People's Republic of China: Calculation Memorandum for the Preliminary Results for Qingdao Meita Automotive Industry Co., Ltd.* (“Meita”) (May 1, 2006) (“Meita Calculation Memo”).

Additionally, Meita was unable to substantiate the reported carbon content of the ferromanganese it consumes in the production of the subject merchandise. See Meita Verification Report. Therefore, pursuant to section 776(a)(2)(D) of the Act, for purposes of these preliminary results, we are valuing this input based on the facts available. Moreover, because we determine that Meita failed to cooperate by not acting to the best of its ability to report the carbon content, pursuant to Section 776(b) of the Act, we have applied the higher of the two potential surrogate values to value the ferromanganese consumption for this company as adverse facts available. See Meita Calculation Memo.

Finally, we note that although Hongfa reported bentonite and coal powder as inputs in the sand mixing stage of production which it believes should be valued in overhead, company officials explained at verification that these items are in fact added to the sand every time the sand is mixed, even if the sand

itself has been recycled. For a more detailed explanation, see Hongfa Verification Report. Therefore, for purposes of these preliminary results, we are valuing bentonite and coal powder as raw material costs for Hongfa using information obtained at verification as facts available. See Memorandum to the File, through Christopher D. Riker, Program Manager, AD/CVD Operations, Office 9, Import Administration, from Thomas Killiam, Analyst, AD/CVD Operations, Office 9, Import Administration, regarding *2004/2005 Antidumping Duty Administrative Review of the Antidumping Duty Order on Brake Rotors from the People's Republic of China: Calculation Memorandum for the Preliminary Results for Hongfa Machinery (Dalian) Co., Ltd.* (“Hongfa”) (May 1, 2006). The Department also plans to consider whether or not these inputs should be valued for all of the respondents subject to this administrative review after the publication of these preliminary results.

Preliminary Results of Reviews

We preliminarily determine that the following margins exist during the period April 1, 2004, through March 31, 2005:

Individually Reviewed Exporters 2004/2005 Administrative Review	Weighted-Average Margin (Percent)
Longkou Haimeng Machinery Co., Ltd.	10.13
Xiangfen Hengtai Brake System Co., Ltd.	43.32
Hongfa Machinery (Dalian) Co., Ltd.	22.67
Qingdao Meita Automotive Industry Company, Ltd.	0.17
Yantai Winhere Auto-Part Manufacturing Co., Ltd.	0.04
“Sample Rate” Exporters 2004/2005 Administrative Review	“Sample Rate” Margin (Percent)
China National Industrial Machinery Import & Export Corporation	10.93
Laizhou Automobile Brake Equipment Co., Ltd.	10.93
Laizhou Hongda Auto Replacement Parts Co., Ltd.	10.93
Laizhou City Luqi Machinery Co., Ltd.	10.93
Longkou TLC Machinery Co., Ltd.	10.93
Qingdao Gren (Group) Co.	10.93
Shanxi Fengkun Metallurgical Limited Company	10.93
Shenyang Yinghao Machinery Co.	10.93

"Sample Rate" Exporters 2004/2005 Administrative Review	"Sample Rate" Margin (Percent)
Zibo Golden Harvest Ma- chinery Limited Com- pany	10.93
Zibo Luzhou Automobile Parts Co., Ltd.	10.93
PRC-Wide Rate	Margin (Percent)
PRC-Wide Rate	43.32

We will disclose the calculations used in our analysis to parties to these proceedings within five days of the date of publication of this notice. Any interested party may request a hearing within 30 days of publication of this notice.

Interested parties who wish to request a hearing or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (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 case and rebuttal briefs. Case briefs from interested parties may be submitted not later than 30 days of the date of publication of this notice, pursuant to 19 CFR 351.309(c). Rebuttal briefs, limited to issues raised in the case briefs, will be due 5 days later, pursuant to 19 CFR 351.309(d). Parties who submit case or rebuttal briefs in this proceeding are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument. Parties are also encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited.

The Department will issue the final results of these reviews, 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.

Assessment Rates

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. The Department will issue appropriate appraisal instructions for the companies subject to this review directly to CBP within 15 days of publication of the final results of these reviews. Pursuant to 19 CFR 351.212(b)(1), for the companies selected in the sample for which we calculated a margin, we will calculate

importer- or customer-specific *ad valorem* duty assessment rates based on the ratio of the total amount of the dumping margins calculated for the examined sales to the total entered value of those same sales. For certain respondents which are being assigned the sample rate, we will instruct CBP to assess antidumping duties on these company's entries equal to the sample rate margin these companies receive in the final results, regardless of the importer or customer.

We will instruct CBP to assess antidumping duties on all appropriate entries covered by this review if any assessment rate calculated in the final results of this review is above *de minimis*. For entries of the subject merchandise during the POR from companies not subject to these reviews that have separate rates, we will instruct CBP to liquidate them at the cash deposit rate in effect at the time of entry. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the final results of these reviews and for future deposits of estimated duties, where applicable.

Cash Deposit Requirements

At the completion of this new shipper review, either with a final rescission or a notice of final results, the Department will notify CBP that bonding will no longer be permitted to fulfill security requirements for shipments of brake rotors from the PRC produced and exported by SZAP that are entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of the new shipper review. The following cash deposit requirements will be effective upon publication of the final results of the new shipper review for all shipments of subject merchandise from SZAP entered, or withdrawn from warehouse, for consumption on or after the publication date: (1) for subject merchandise manufactured and exported by SZAP, the deposit rate will continue to be the PRC-wide rate (*i.e.*, 43.32 percent) if the Department continues to determine, in the final results, that the sale under review remains non-*bona fide* and consequently rescinds the review; and (2) for subject merchandise exported by SZAP but not manufactured by SZAP, the cash deposit rate will also continue to be the PRC-wide rate.

The following deposit requirements will be effective upon publication of the final results of the administrative review for all shipments of brake rotors from the PRC 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 rates for Haimeng, Hengtai, Hongfa, Meita, Winhere, CNIM, LABEC, Hongda, Luqi, LKTLC, GREN, Fengkun, Yinghao, ZGOLD and ZLAP will be the rates determined in the final results of review (except that if a rate is *de minimis*, *i.e.*, less than 0.50 percent, no cash deposit will be required); (2) the cash deposit rate for PRC exporters who received a separate rate in a prior segment of the proceeding (which were not reviewed in this segment of the proceeding) will continue to be the rate assigned in that segment of the proceeding; (3) the cash deposit rate for the PRC NME entity (including Huanri, Rotec, Xianjiang/Other than Zibo) will be 43.32 percent; and (4) the cash deposit rate for non-PRC exporters of subject merchandise from the PRC will be the rate applicable to the PRC exporter that supplied that exporter.

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

Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These administrative and new shipper reviews and notice are in accordance with sections 751(a)(1), 751(a)(2)(B), and 777(i) of the Act and 19 CFR 351.213 and 351.214.

Dated: May 1, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.
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