

DEPARTMENT OF COMMERCE**International Trade Administration****U.S. Travel and Tourism Advisory Board: Meeting of the U.S. Travel and Tourism Advisory Board**

AGENCY: International Trade Administration, U.S. Department of Commerce.

ACTION: Notice of an Open Meeting.

SUMMARY: The U.S. Travel and Tourism Advisory Board (Board) will hold a meeting to discuss topics related to the travel and tourism industry. The Board was established on October 1, 2003, and reconstituted October 1, 2005, to advise the Secretary of Commerce on matters relating to the travel and tourism industry.

DATES: July 13, 2006. *Time:* 3:30 p.m. to 5 p.m. (CDT)

ADDRESSES: Specific location TBD, Chicago, Illinois. This program will be physically accessible to people with disabilities. Seating is limited and will be on a first come, first served basis. Requests for sign language interpretation, other auxiliary aids, or pre-registration, should be submitted no later than June 30, 2006, to J. Marc Chittum, U.S. Travel and Tourism Advisory Board, Room 4043, 1401 Constitution Avenue, NW., Washington, DC 20230, telephone 202-482-4501, Marc.Chittum@mail.doc.gov.

FOR FURTHER INFORMATION CONTACT: J. Marc Chittum, U.S. Travel and Tourism Advisory Board, Room 4043, 1401 Constitution Avenue, NW., Washington, DC, 20230, telephone: 202-482-4501, e-mail: Marc.Chittum@mail.doc.gov.

Dated: June 15, 2006.

Sarah Ellis,

Executive Secretary, U. S. Travel and Tourism Advisory Board.

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DEPARTMENT OF COMMERCE**International Trade Administration**

[A-201-822]

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

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

ACTION: Notice of Preliminary Results of Antidumping Duty Administrative Review.

SUMMARY: In response to requests from respondent ThyssenKrupp Mexinox S.A. de C.V. (Mexinox S.A.) and Mexinox USA, Inc. (Mexinox USA) (collectively, Mexinox) and petitioners,¹ the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (S4 in coils) from Mexico. This administrative review covers imports of subject merchandise from Mexinox S.A. during the period July 1, 2004, to June 30, 2005.

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

EFFECTIVE DATE: June 21, 2006.

FOR FURTHER INFORMATION CONTACT:

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

SUPPLEMENTARY INFORMATION:**Background**

On July 27, 1999, the Department published in the **Federal Register** the *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from Mexico*, 64 FR 40560 (July 27, 1999). On July 1, 2005, the Department published a notice entitled *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, covering *inter alia*, S4 in coils from Mexico for the period July 1, 2004, through June 30, 2005, 70 FR 38099 (July 1, 2005).

In accordance with 19 CFR 351.213(b)(1), Mexinox and petitioners requested that we conduct an

¹ Petitioners are Allegheny Ludlum Corporation, North American Stainless, United Auto Workers Local 3303, Zanesville Armco Independent Organization, Inc. and the United Steelworkers of America, AFL-CIO/CLC.

administrative review. On August 29, 2005, we published in the **Federal Register** a notice of initiation of this antidumping duty administrative review covering the period July 1, 2004, through June 30, 2005. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 70 FR 51009 (August 29, 2005).

On September 7, 2005, the Department issued an antidumping duty questionnaire to Mexinox. Mexinox submitted its response to section A of the questionnaire on September 29, 2005, and its response to sections B through E of the questionnaire on November 8, 2005. On January 27, 2006, the Department issued its first supplemental questionnaire² for sections A through C, as well as for section E, which pertains to an affiliated U.S. reseller, Ken-Mac Metals, Inc. (Ken-Mac). Mexinox responded to this first supplemental questionnaire on March 8, 2006. The Department also issued a supplemental questionnaire for section D on February 16, 2006, to which Mexinox submitted its response on March 21, 2006. On May 4, 2006, the Department issued a second supplemental questionnaire for sections A through C, and Mexinox filed its response on May 23, 2006.

Because it was not practicable to complete this review within the normal time frame, on March 10, 2006, we published in the **Federal Register** our notice of the extension of time limits for this review. *Stainless Steel Sheet and Strip in Coils from Mexico; Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 71 FR 12343 (March 10, 2006). This extension established the deadline for these preliminary results as June 14, 2006.

Period of Review

The period of review (POR) is July 1, 2004, through June 30, 2005.

Scope of the Order

For purposes of this order, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or

² On February 6, 2006, the Department issued a revised version of the January 27, 2006, supplemental questionnaire correcting specific invoice numbers with respect to certain questions.

otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

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

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

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

Excluded from the scope of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See Chapter 72 of the HTSUS, "Additional U.S. Note" 1(d).

In response to comments by interested parties, the Department has determined

that certain specialty stainless steel products are also excluded from the scope of this order. These excluded products are described below.

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

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

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip

contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."³

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

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."⁵

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the

³ "Arnokrome III" is a trademark of the Arnold Engineering Company.

⁴ "Gilphy 36" is a trademark of Imphy, S.A.

⁵ "Durphynox 17" is a trademark of Imphy, S.A.

scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).⁶ This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is "GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6."⁷

Sales Made Through Affiliated Resellers

A. U.S. Market

Mexinox USA, a wholly-owned subsidiary of Mexinox S.A., which in turn is a subsidiary of ThyssenKrupp AG, sold subject merchandise in the United States during the POR to unaffiliated customers. Mexinox USA also made sales of subject merchandise to an affiliated company, Ken-Mac, located in the United States. Ken-Mac is an operating division of ThyssenKrupp Materials Inc., which is a subsidiary of ThyssenKrupp USA, Inc. (TKUSA), the primary holding company for ThyssenKrupp AG in the U.S. market. Ken-Mac purchased subject merchandise from Mexinox USA and further manufactured and/or resold the subject merchandise to unaffiliated customers in the United States. See Mexinox's September 29, 2005, questionnaire response at A-10, A-18

and A-38 through A-39. For purposes of this review, we have included both Mexinox USA's and Ken-Mac's sales of subject merchandise to unaffiliated customers in the United States in our margin calculation.

B. Home Market

Mexinox Trading, S.A. de C.V. (Mexinox Trading), a wholly-owned subsidiary of Mexinox S.A., resold the foreign like product as well as other merchandise in the home market. Mexinox S.A.'s sales to Mexinox Trading represented a small portion of Mexinox S.A.'s total sales of the foreign like product in the home market and constituted less than five percent of all home market sales. See, e.g., Mexinox's September 29, 2005, questionnaire response at A-3 to A-4 and its March 8, 2006, supplemental questionnaire response at Attachment A-12 (quantity and value chart). Because sales to Mexinox Trading of the foreign like product were below the five percent threshold established under 19 CFR 351.403(d), we did not require Mexinox S.A. to report Mexinox Trading's downstream sales to its first unaffiliated customer. This is consistent to date with our practice and the methodology we have employed in past administrative reviews of S4 in coils from Mexico. See, e.g., *Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review*, 70 FR 73444 (December 12, 2005) and accompanying Issues and Decisions Memorandum at Comment 2 (2003-2004 Final Results).

Fair Value Comparisons

To determine whether sales of S4 in coils from Mexico to the United States were made at less than fair value, we compared CEP sales made in the United States by Mexinox USA to unaffiliated purchasers, to NV as described in the "Constructed Export Price" and "Normal Value" sections of this notice, below. In accordance with section 777A(d)(2) of the Tariff Act of 1930, as amended (the Tariff Act), we compared individual CEPs to monthly weighted-average NVs.

Product Comparisons

In accordance with section 771(16) of the Tariff Act we considered all products produced by Mexinox S.A. covered by the description in the "Scope of the Review" section, above, and sold in the home market during the POR, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We relied on nine characteristics to match U.S. sales of subject merchandise to

comparison sales of the foreign like product (listed in order of priority): (1) Grade; (2) cold/hot rolled; (3) gauge; (4) surface finish; (5) metallic coating; (6) non-metallic coating; (7) width; (8) temper; and (9) edge trim. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics and reporting instructions listed in the Department's September 7, 2005, questionnaire.

Level of Trade

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

To determine whether NV sales are at a different LOT than CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. See 19 CFR 351.412(c)(2). If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Tariff Act. For CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Tariff Act (the CEP offset provision). See, e.g., *Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada*, 67 FR 8781 (February 26, 2002) and accompanying Issues and Decisions Memorandum at Comment 8; see also *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil; Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 17406, 17410 (April 6, 2005); unchanged in *Notice of Final Results of Antidumping Duty Administrative Review of Certain Hot-*

⁶ This list of uses is illustrative and provided for descriptive purposes only.

⁷ "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

Rolled Flat-Rolled Carbon Quality Steel Products from Brazil, 70 FR 58683 (October 7, 2005). For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and CEP profit under section 772(d) of the Tariff Act. See *Micron Technology, Inc. v. United States*, 243 F.3d 1301, 1314–1315 (Fed. Cir. 2001). We expect that if the claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims that the LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. See *Porcelain-on-Steel Cookware from Mexico: Final Results of Administrative Review*, 65 FR 30068 (May 10, 2000) and accompanying Issues and Decisions Memorandum at Comment 6.

We obtained information from Mexinox regarding the marketing stages involved in making its reported foreign market and U.S. sales to both affiliated and unaffiliated customers. Mexinox provided a description of all selling activities performed, along with a flowchart and tables comparing the levels of trade among each channel of distribution and customer category for both markets. See Mexinox's September 29, 2005, questionnaire response at A–30 through A–35 and Attachments A–4–A through A–4–C; see also Mexinox's March 8, 2006, supplemental questionnaire response at Attachment A–18. Mexinox sold S4 in coils to end-users and retailers/distributors in the home market and to end-users and distributors/service centers in the United States.

For the home market, Mexinox identified two channels of distribution described as follows: (1) Direct shipments (*i.e.*, products produced to order) and (2) sales from inventory. Within each of these two channels of distribution, Mexinox S.A. made sales to affiliated and unaffiliated distributors/retailers and end-users. See Mexinox's September 29, 2005, questionnaire response at A–3 and A–22 through A–23. We reviewed the performance intensity of all selling functions with respect to channel of distribution and customer category. In certain activities, such as pre-sale technical assistance, processing of customer orders, sample analysis, prototypes and trial lots, freight and delivery, price negotiation/customer communications, sales calls and visits and warranty services, the level of performance for both direct shipments and sales through inventory was identical across all types of customers. Only a few functions exhibited differences, including inventory

maintenance/just-in-time performance, further processing, credit collection, low volume orders and shipment of small packages. See Mexinox's March 8, 2006, supplemental questionnaire response at Attachment A–18. In regards to Mexinox S.A.'s affiliated home market reseller, Mexinox Trading, only credit collection differed in comparison to Mexinox S.A.'s performance to unaffiliated distributors/retailers. While we find differences in the levels of intensity performed for some of these functions, such differences are minor and do not establish distinct, multiple levels of trade in Mexico. Based on our analysis of all of Mexinox S.A.'s home market selling functions, we find all home market sales were made at the same LOT, the NV LOT.

We then compared the NV LOT, based on the selling activities associated with the transactions between Mexinox S.A. and its unaffiliated customers in the home market, to the CEP LOT, which is based on the selling activities associated with the transaction between Mexinox S.A. and its affiliated importer, Mexinox USA. Our analysis indicates the selling functions performed for home market customers are either performed at a higher degree of intensity or are greater in number than the selling functions performed for Mexinox USA. For example, in comparing Mexinox's selling activities, we find there are more functions performed in the home market which are not a part of CEP transactions (*e.g.*, pre-sale technical assistance, sample analysis, prototypes and trial lots, price negotiation/customer communications, inventory maintenance, just-in-time performance, sales calls and visits, and warranty services). For selling activities performed for both home market sales and CEP sales (*e.g.*, processing customer orders, freight and delivery arrangements), we find Mexinox S.A. actually performed each activity at a higher level of intensity in the home market. We note that CEP sales from Mexinox S.A. to Mexinox USA generally occur at the beginning of the distribution chain, representing essentially a logistical transfer of inventory that resembles ex-factory sales. In contrast, all sales in the home market occur closer to the end of the distribution chain and involve smaller volumes and more customer interaction which, in turn, require the performance of more selling functions. See Mexinox's September 29, 2005, questionnaire response at A–31 through A–35 and Attachments A–4–A through A–4–C; see also Mexinox's March 8, 2006, supplemental questionnaire response at

Attachment A–18. Based on the foregoing, we conclude that the NV LOT is at a more advanced stage than the CEP LOT.

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

Constructed Export Price

Mexinox indicated it made CEP sales through its U.S. affiliate, Mexinox USA, through the following four channels of distribution: (1) Direct shipments to unaffiliated customers; (2) stock sales from the San Luis Potosi (SLP) factory; (3) sales to unaffiliated customers through Mexinox USA's inventory/warehouses; and (4) sales through Ken-Mac. See Mexinox's September 29, 2005, questionnaire response at A–23 through A–25. Ken-Mac is an affiliated service center located in the United States which purchases S4 in coils produced by Mexinox S.A. and then resells the merchandise (after, in some instances, further manufacturing) to unaffiliated U.S. customers.

In accordance with section 772(b) of the Tariff Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter. We find Mexinox properly classified all of its U.S. sales of subject merchandise as CEP transactions because such sales were made in the United States by Mexinox S.A.'s affiliate, Mexinox USA, to unaffiliated purchasers. We based CEP on packed prices to unaffiliated purchasers in the United States sold by Mexinox USA or its affiliated processor

Ken Mac. We made adjustments for billing adjustments, discounts and rebates, and commissions, where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act. These expenses included, where appropriate: foreign inland freight, foreign brokerage and handling, inland insurance, U.S. customs duties, U.S. inland freight, U.S. brokerage, and U.S. warehousing expenses. As directed by section 772(d)(1) of the Tariff Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (*i.e.*, credit costs, warranty expenses, and another expense not subject to public disclosure), inventory carrying costs, and other indirect selling expenses. We also made an adjustment for profit in accordance with section 772(d)(3) of the Tariff Act. We used the adjustments as reported by Mexinox, with the exception of the U.S. indirect selling expense ratio which we recalculated. See Analysis of Data Submitted by ThyssenKrupp Mexinox S.A. de C.V. for the Preliminary Results of the Antidumping Duty Administrative Review of S4 in Coils from Mexico (Preliminary Analysis Memorandum) from Maryanne Burke to the File dated June 14, 2006.

For sales in which the material was sent to an unaffiliated U.S. processor, we made an adjustment based on the transaction-specific further-processing expenses incurred by Mexinox USA. In addition, the U.S. affiliated reseller Ken-Mac performed some further manufacturing for its sales to unaffiliated U.S. customers. For these sales, we deducted the cost of further processing in accordance with section 772(d)(2) of the Tariff Act. In calculating the cost of further manufacturing for Ken-Mac, we relied upon Ken-Mac's reported cost of further manufacturing materials, labor and overhead. We also included amounts for further manufacturing general and administrative expenses (G&A), as reported in the March 21, 2006, supplemental section D questionnaire response, and revised financial expense ratio (INTEX). See the Department's Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results - ThyssenKrupp Mexinox S.A. de C.V. from Margaret Pusey to Neal M. Halper, dated June 14, 2006 (Cost Calculation Memorandum), and Preliminary Analysis Memorandum.

Normal Value

A. Selection of Comparison Market

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared Mexinox's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(B) of the Tariff Act. Because Mexinox's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for subject merchandise, we determined the home market was viable. See, *e.g.*, Mexinox's March 8, 2006, supplemental questionnaire response at Attachment A-12.

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

Sales to affiliated customers in the home market not made at arm's-length prices are excluded from our analysis because we consider them to be outside the ordinary course of trade. See section 773(f)(2) of the Tariff Act; see, also 19 CFR 351.102(b). Consistent with 19 CFR 351.403(c) and (d) and agency practice to date, "the Department may calculate NV based on sales to affiliates if satisfied that the transactions were made at arm's length." See *China Steel Corp. v. United States*, 264 F. Supp. 2d 1339, 1365 (CIT 2003). To test whether the sales to affiliates were made at arm's-length prices, we compared on a model-specific basis, the starting prices of sales to affiliated and unaffiliated customers, net of all direct selling expenses, discounts and rebates, movement charges and packing. Where prices to the affiliated party were, on average, within a range of 98 to 102 percent of the price of identical or comparable merchandise to the unaffiliated parties, we determined that the sales made to the affiliated party were at arm's length. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186, 69194 (November 15, 2002). We found one affiliated home market customer failed the arm's length test and, in accordance with the Department's practice, we excluded sales to this affiliate from our analysis.

C. Cost of Production Analysis

Because we disregarded sales of certain products made at prices below the cost of production (COP) in the most recently completed review of S4 in coils

from Mexico (*see Stainless Steel Sheet and Strip in Coils from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 69 FR 47905, 47909 (August 6, 2004); unchanged in *Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review*, 70 FR 3677 (January 26, 2005) (2002-2003 Final Results)), we had reasonable grounds to believe or suspect that sales of the foreign like product under consideration for the determination of NV in this review for Mexinox may have been made at prices below the COP, as provided by section 773(b)(2)(A)(ii) of the Tariff Act. Pursuant to section 773(b)(1) of the Tariff Act, we initiated a COP investigation of sales by Mexinox.

We adjusted material costs from the transfer price to market price in accordance with section 773(f)(2) of the Act. We also recalculated Mexinox's G&A to include employee profit sharing in the numerator and exclude production and planning and market administration expenses from the cost of goods sold denominator. In addition, we revised INTEX to exclude the interest income offset for accounts receivable and miscellaneous net financial expenses and adjusted ThyssenKrupp AG's cost of goods sold to exclude packing expenses. See Cost Calculation Memorandum and Preliminary Analysis Memorandum. We added material and fabrication costs for the foreign like product, plus amounts for SG&A and packing costs, in accordance with section 773(b)(3) of the Tariff Act. To determine whether these sales had been made at prices below the COP, we computed weighted-average COPs during the POR, and compared the weighted-average COP figures to home market sales prices of the foreign like product as required under section 773(b) of the Tariff Act. On a product-specific basis, we compared the COP to the home market prices net of billing adjustments, discounts and rebates, any applicable movement charges, selling expenses and packing expenses.

In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Tariff Act, whether, within an extended period of time, such sales were made in substantial quantities, and whether such sales were made at prices which permitted the recovery of all costs within a reasonable period of time in the normal course of trade. Where less than 20 percent of the respondent's home market sales of a given model were at prices below the COP, we did not disregard any below-cost sales of

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

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

D. Constructed Value

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

E. Price-to-Price Comparisons

We calculated NV based on prices to unaffiliated customers or prices to affiliated customers we determined to be at arm's length. Mexinox S.A. reported home market sales in Mexican pesos, but noted certain home market sales were invoiced in U.S. dollars during the POR. See Mexinox's November 8, 2005, questionnaire response at B-26. In our margin calculation we used the currency of the

sale invoice at issue and applied relevant adjustments in the currency invoiced or incurred by Mexinox. We accounted for billing adjustments, discounts, rebates and interest revenue, where appropriate. We made deductions, where appropriate, for foreign inland freight, insurance, handling, and warehousing, pursuant to section 773(a)(6)(B) of the Tariff Act. In addition, we made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise compared pursuant to section 773(a)(6)(C)(ii) of the Tariff Act and 19 CFR 351.411. We also made adjustments for differences in circumstances of sale (COS) in accordance with section 773(a)(6)(C)(iii) of the Tariff Act and 19 CFR 351.410. We made COS adjustments for imputed credit expenses and warranty expenses. As noted above in the "Level of Trade" section of this notice, we also made an adjustment for the CEP offset in accordance with section 773(a)(7)(B) of the Tariff Act. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with sections 773(a)(6)(A) and (B) of the Tariff Act.

We used Mexinox's adjustments and deductions as reported, except for certain handling expenses and imputed credit expenses. We have recalculated the handling expenses incurred by home market affiliate, Mexinox Trading, and applied the revised ratio to those home market sales where Mexinox reported a handling expense. We calculated imputed credit expenses based on the short-term borrowing rate associated with the currency of each home market sale transaction. See Preliminary Analysis Memorandum. Our methodology for calculating handling charges and imputed credit expenses are consistent with past administrative reviews of this case. See, e.g., 2003-2004 Final Results, 70 FR 73444 and accompanying Issues and Decisions Memorandum at Comment 1.

F. Price-to-CV Comparisons

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

Facts Available

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

certain information necessary to conduct our analysis.

In our September 7, 2005, questionnaire at G-6, we requested that Mexinox provide sales and cost data for all affiliates involved with the production or sale of the merchandise under review during the POR in both home and U.S. markets. In its September 29, 2005, questionnaire response at A-2, Mexinox indicated that its affiliated reseller, Ken-Mac, sold subject merchandise in the United States during the POR which it had purchased from various suppliers, both affiliated and unaffiliated. In its November 8, 2005, submission at KMC-2 and KMC-3, Mexinox provided data related to Ken-Mac's resales of subject merchandise to unaffiliated customers in the United States and notified the Department that a small subset of sale transactions could not be traced to an original stock item or supplier. In its supplemental questionnaire response dated March 8, 2006, Mexinox reported those sale transactions (unattributed sales) where the origin of the original stock item could not be determined. See Mexinox's March 8, 2006, supplemental questionnaire response at 71.

Because of the unknown origin of certain of Ken-Mac resales, Mexinox was not able to provide all the information necessary to complete our analysis. Pursuant to section 776(a)(1) of the Tariff Act, it is appropriate to use the facts otherwise available in calculating a margin on Ken-Mac's unattributed sales. Section 776(a)(1) of the Tariff Act provides that the Department will, subject to section 782(d) of the Tariff Act, use the facts otherwise available in reaching a determination if "necessary information is not available on the record." For these preliminary results, we have calculated a margin on Ken-Mac's unattributed sales by applying the overall margin calculated on Mexinox's other U.S. sales of subject merchandise to the weighted-average price of Ken-Mac's unattributed sales. This methodology is consistent to date with that employed in past administrative reviews of S4 in coils from Mexico. See, e.g., *Stainless Steel Sheet and Strip in Coils from Mexico; Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 45675, 45681 (August 8, 2005); unchanged in *2003-2004 Final Results*.

Prior to applying the overall margin calculated on other sales/resales of subject merchandise to Ken-Mac's unattributed sales, we calculated the portion of the unattributed sales quantity that could be reasonably allocated to subject stainless steel merchandise purchased from Mexinox.

We based our allocation on the relative percentage (by volume) of subject stainless steel merchandise that Ken-Mac had purchased from Mexinox as compared to the total stainless steel merchandise it had purchased from all vendors. See Mexinox's March 8, 2006, supplemental questionnaire response at Attachment KMC-12. The Department finds that Mexinox, to the best of its ability, complied with the Department's request for information; thus, the application of an adverse inference, as provided under section 776(b) of the Tariff Act, is not warranted in calculating a margin on Ken-Mac's unattributed sales.

Currency Conversion

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

Preliminary Results of Review

As a result of our review we preliminarily determine the following weighted-average dumping margin exists for the period July 1, 2003 through June 30, 2004:

Manufacturer / Exporter	Weighted Average Margin (percentage)
ThyssenKrupp Mexinox S.A. de C.V.	1.22%

The Department will disclose calculations performed within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). An interested party may request a hearing within thirty days of publication of these preliminary results. See 19 CFR 351.310(c). Any hearing, if requested, will be held 37 days after the date of publication, or the first business day thereafter, unless the Department alters the date per 19 CFR 351.310(d). Interested parties may submit case briefs no later than 30 days after the date of publication of these preliminary results of review. See 19 CFR 351.309 (c). Rebuttal briefs limited to issues raised in the case briefs, may be filed no later than 35 days after the date of publication of this notice. See 19 CFR 351.309(d). Parties who submit argument in these proceedings are requested to submit with the argument: (1) A statement of the issue, (2) a brief summary of the argument and (3) a table of authorities. Further, parties submitting case briefs and/or rebuttal briefs are requested to provide the

Department with an additional copy of the public version of any such argument on diskette. The Department will issue final results of this administrative review, including the results of our analysis of the issues in any such argument or at a hearing, within 120 days of publication of these preliminary results.

Duty Assessment

Upon completion of this administrative review, the Department shall determine, and United States Customs and Border Protection (CBP) shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we will calculate importer-specific *ad valorem* assessment rates for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total customs value of the sales used to calculate those duties. The total customs value is based on the entered value reported by Mexinox for all U.S. entries of subject merchandise initially purchased for consumption to the United States made during the POR. See Preliminary Analysis Memorandum. In accordance with 19 CFR 356.8(a), the Department will issue appropriate assessment instructions directly to CBP on or after 41 days following the publication of the final results of review.

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

Cash Deposit Requirements

Furthermore, the following cash deposit requirements will be effective for all shipments of S4 in coils from Mexico entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Tariff Act: (1) the cash deposit rate for the reviewed company will be the rate established in the final results of this review, except if the rate is less than 0.50 percent (*de minimis* within the

meaning of 19 CFR 351.106(c)(1)), the cash deposit will be zero; (2) for previously investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, or the original less than fair value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be the "all others" rate of 30.85 percent, which is the "All Others" rate established in the LTFV investigation. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from Mexico*, 64 FR 40560 (July 27, 1999). These deposit requirements, when imposed, shall remain in effect until 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.

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

Dated: June 14, 2006.

David Spooner,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 061406B]

Magnuson-Stevens Act Provisions; General Provisions for Domestic Fisheries; Application for Exempted Fishing Permit

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.