

Dated: December 27, 2006.

**Stephen J. Claeys,**

*Deputy Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-891]

#### **Hand Trucks and Certain Parts Thereof From the People's Republic of China; Preliminary Results and Partial Rescission of Administrative Review and Preliminary Results of New Shipper Review**

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

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review and a new shipper review of the antidumping duty order on hand trucks and certain parts thereof (hand trucks) from the People's Republic of China (PRC) covering the period December 1, 2004, through November 30, 2005. We have preliminarily determined that sales have been made below normal value (NV). If these preliminary results are adopted in the final results of these reviews, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries.

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.

**DATES:** *Effective Date:* January 9, 2007.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Eastwood or Nichole Zink, AD/CVD Operations, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-3874 or (202) 482-0049, respectively.

#### **Background**

On December 1, 2005, the Department published a notice of opportunity to request an administrative review of the antidumping duty order on hand trucks from the PRC. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 70 FR 72109 (Dec. 1, 2005).

In accordance with 19 CFR 351.214(c), on December 27, 2005, the Department received a request to

conduct both an administrative review and a new shipper review of the antidumping duty order from Since Hardware (Guangzhou) Co., Ltd. (Since Hardware), a producer/exporter of subject merchandise in the PRC.

In accordance with 19 CFR 351.213(b)(1), on December 30, 2005, the petitioners, Gleason Industrial Products, Inc. and Precision Products, Inc., requested that the Department conduct an administrative review for the following producers and/or exporters of the subject merchandise: Qingdao Huatian Hand Truck Co., Ltd. (Huatian); Qingdao Future Tool, Inc. (Future Tool); Qingdao Taifa Group Co. Ltd./Qindao Yinzhu Hang Truck Factory (collectively, "Taifa"); True Potential Co., Ltd. (True Potential); and Shandong Machinery I&E Group Corp. (Shandong Machinery). Also on December 30, 2005, the Department received a request to conduct an administrative review from Aulita Quindao Manufacturing Co., Ltd. (Aulita), a producer/exporter of the subject merchandise, in accordance with 19 CFR 351.213(b)(2).

On January 3, 2006, Clipper Products, Inc., a U.S. importer of the subject merchandise, requested that the Department conduct an administrative review of Forecarry Corp. (Forecarry), an exporter of subject merchandise located in a third country, and its PRC supplier, Formost Plastics & Metalworks (Jiaxing) Co., Ltd. (Formost).

On February 1, 2006, the Department published in the **Federal Register** a notice of the initiation of the antidumping duty administrative review of hand trucks from the PRC for the period May 24, 2004, through November 30, 2005. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 71 FR 5241 (Feb. 1, 2006). On February 3, 2006, the Department also published in the **Federal Register** a notice of the initiation of the new shipper review of Since Hardware. *See Hand Trucks and Certain Parts Thereof from the People's Republic of China: Initiation of New Shipper Review*, 71 FR 5810 (Feb. 3, 2006).

On February 8, 2006, we issued a new shipper questionnaire to Since Hardware. We received Since Hardware's response to Section A of this questionnaire on February 23, 2006.

In February 2006 we issued quantity and value questionnaires to Aulita, Forecarry, Formost, Future Tool, Huatian, Shandong Machinery, True Potential, and Taifa. We received responses to these questionnaires between February 22 and March 3, 2006, from all companies except Aulita and Shandong Machinery.

On February 13, 2006, Since Hardware stated that it did not object to a rescission of its requested administrative review, so long as its sale was examined in the context of the new shipper review. *See* the "Partial Rescission of Administrative Review" section of this notice, below, for further discussion.

On February 15, 2006, we issued letters to all parties in both the administrative review and the new shipper review informing them of the correct period of review (POR). The POR for this segment of the proceeding is December 1, 2004, through November 30, 2005. On February 24, 2006, we published in the **Federal Register** a correction to the POR for the administrative review. *\*See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 71 FR 9519 (Feb. 24, 2006).

On February 28, 2006, Aulita withdrew its request for an administrative review within the time limits specified under 19 CFR 351.213(d)(1). *See* the "Partial Rescission of Administrative Review" section of this notice, below, for further discussion.

On March 3, 2006, we issued a letter to Shandong Machinery providing a second opportunity to respond to the Department's request for quantity and value information. Shandong Machinery did not respond to the Department's March 3, 2006, letter. *See* the "Facts Available" section of this notice, below, for further discussion.

On March 17, 2006, the Department determined that it was not practicable to examine individually all of the companies covered by the 2004-2005 administrative review, and thus it limited its examination to the largest producers/exporters that could reasonably be reviewed, pursuant to section 777A(c)(2)(B) of the Tariff Act of 1930, as amended (the Act). Therefore, on this date the Department selected Taifa as the sole respondent required to submit a full questionnaire response in the administrative review. *See* the March 17, 2006, memorandum from Irene Darzenta Tzafolias, Acting Office Director, to Stephen Claeys, Deputy Assistant Secretary, entitled "Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Selection of Respondents."

On March 20, 2006, we issued the antidumping duty questionnaire to Taifa. Also on March 20, 2006, we issued a separate-rate questionnaire (*i.e.*, section A of the antidumping duty questionnaire) to Future Tool, Huatian,

and True Potential. We did not issue separate-rate questionnaires to Forecarry or Formost, because the former company is a third-country reseller (and thus it automatically qualifies for a separate rate; see the "Separate Rates" section, below, for further discussion) and the latter company informed the Department in its response to the quantity and value questionnaire that it had no exports to the United States to unaffiliated customers during the POR. Also on March 20, 2006, we issued a section A supplemental questionnaire to Since Hardware.

On March 31, 2006, the Department invited interested parties to comment on surrogate country selection and to provide publicly available information for valuing the factors of production (FOPs) in the new shipper review. Also on March 31, 2006, we received Since Hardware's responses to sections C and D of the Department's questionnaire.

On April 10, 2006, we received responses to section A of the questionnaire from Future Tool, Huatian, and True Potential, as well as a response from Since Hardware to the supplemental section A questionnaire. On April 20, 2006, we issued a supplemental questionnaire regarding sections A, C, and D to Since Hardware.

On May 1, 2006, Since Hardware agreed to waive the time limits applicable to the new shipper review and to permit the Department to conduct the new shipper review concurrently with the administrative review.

On May 2, 2006, the petitioners withdrew their request for an administrative review of Taifa, the company chosen as the mandatory respondent, and Huatian. See the "Partial Rescission of Administrative Review" section of this notice, below, for further discussion.

On May 4, 2006, we received a response from Since Hardware to the April 20, 2006, supplemental questionnaire.

On May 9, 2006, the Department reconsidered its decision to select only one company to provide a full questionnaire response in this review, and named the remaining three participating respondents as mandatory respondents. See the May 9, 2006, memorandum from Elizabeth Eastwood to Irene Darzenta Tzafolias entitled, "Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Revised Selection of Respondents." As a result, on this date, we issued sections A, C, and D of the antidumping duty questionnaire to Forecarry and sections C and D of the

questionnaire to Future Tool and True Potential. On May 30, 2006, we received Forecarry's response to section A of the Department's questionnaire.

On May 31, 2006, the Department published in the **Federal Register** a notice indicating that it would conduct the new shipper review of Since Hardware concurrently with the 2004–2005 administrative review. See *Hand Trucks and Certain Parts Thereof from the People's Republic of China: Notice of Postponement of Time Limits for New Shipper Antidumping Duty Review in Conjunction with Administrative Review*, 71 FR 30867 (May 31, 2006). On June 8 and 28, 2006, respectively, we received Forecarry's responses to sections C and D of the Department's questionnaire.

On June 13 and June 23, 2006, we issued additional supplemental questionnaires to Since Hardware. On June 29, 2006, we received True Potential's response to sections C and D of the Department's questionnaire. Future Tool did not submit a response to sections C and D of the Department's questionnaire. See the "Facts Available" section of this notice, below, for further discussion.

On June 29, 2006, the Department solicited comments on surrogate country selection and publicly available information to value FOPs in the administrative review.

On June 30 and July 10, 2006, respectively, we received responses from Since Hardware to the Department's June 13 and 23, 2006, supplemental questionnaires.

From July 17 through 21, 2006, the Department conducted verification of the responses of Since Hardware at its offices in the PRC.

On August 3, 2006, the Department published in the **Federal Register** a notice of extension of time limits for the preliminary results of both the administrative and new shipper reviews until no later than January 2, 2007. See *Hand Trucks and Certain Parts Thereof From the People's Republic of China; Notice of Extension of Time Limits for Preliminary Results in Antidumping Duty Administrative Review and New Shipper Review*, 71 FR 44018 (Aug. 3, 2006).

On August 4, 2006, we issued a supplemental questionnaire to True Potential regarding its section A and C responses. On August 8, 2006, we issued a supplemental questionnaire to Forecarry regarding its section A through D responses. On August 18, 2006, we received True Potential's response to the section A and C supplemental questionnaire. On August 24, 2006, we issued a supplemental

questionnaire to True Potential regarding its section D response. We received True Potential's response to this questionnaire on September 5, 2006. On September 15, 2006, we received Forecarry's response to the section A through D supplemental questionnaire. Also on September 15, 2006, the petitioners, Since Hardware, and True Potential submitted publicly available information for valuing the FOPs in both the administrative and new shipper reviews.

On October 19, 2006, we issued additional supplemental questionnaires regarding section D to Forecarry and True Potential. On October 24, 2006, we issued an additional supplemental questionnaire to Forecarry. On November 16, 2006, we received responses to these supplemental questionnaires from Forecarry and True Potential. On December 19, 2006, we issued a final supplemental questionnaire to Forecarry regarding outstanding deficiencies in its section D response. Forecarry's response to this questionnaire is due to the Department no later than January 3, 2007.

#### Period of Review

The POR covers December 1, 2004, through November 30, 2005.

#### Scope of Order

The product covered by this order consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.

A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.

That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the petition.

That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.

Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the *Harmonized Tariff Schedule of the United States* (HTSUS), although they may also be imported under heading 8716.80.50.90. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.50.60 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less than  $\frac{5}{8}$  inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.

#### Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), the Secretary must rescind an administrative review if a party requesting a review withdraws the request within 90 days of the date of publication of the notice of initiation. As noted above, on April 28, 2006, Aulita timely withdrew its request for an administrative review, in accordance with 19 CFR 351.213(d)(1). In addition, on May 2, 2006, the petitioners withdrew their requests for an administrative review of Huatian and Taifa, in accordance with 19 CFR 351.213(d)(1). Therefore, because no other interested party requested a review of these companies, in

accordance with 19 CFR 351.213(d)(1) and consistent with our practice, we are rescinding the administrative review of Aulita, Huatian, and Taifa for the POR.

Finally, as noted in the "Background" section of this notice, above, Since Hardware stated on February 13, 2006, that it did not object to the rescission of its requested administrative review, so long as its sale was examined in the context of the new shipper review. Therefore, because we are examining Since Hardware's sale in the context of the new shipper review, and in accordance with 19 CFR 351.213(d)(1), we are rescinding the administrative review for Since Hardware for the POR.

#### Verification

As provided in section 782(i) of the Act, we conducted verification of the sales and FOP information provided by Since Hardware. We used standard verification procedures, including on-site inspection of the manufacturer's facilities, and examination of relevant sales and financial records. Our verification results are set forth in the Since Hardware Verification Report. See the October 5, 2006, memorandum from Elizabeth Eastwood and Nichole Zink to James Maeder entitled, "Verification of Sales and Factors Responses of Since Hardware (Guangzhou) Co., Ltd. in the New Shipper Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China" (Since Hardware Verification Report) for further discussion.

#### Bona Fide Sale Analysis—Since Hardware

For the reasons stated below, we preliminarily find that Since Hardware's reported U.S. sale during the POR is a *bona fide* sale, as required by 19 CFR 351.214(b)(2)(iv)(c), based on the totality of the facts on the record. Specifically, we find that the price reported for Since Hardware's hand truck sale was similar to the average unit value of U.S. imports of comparable hand trucks and certain parts thereof from the PRC during the POR. We also find that the quantity of the sale was within the range of shipment sizes of comparable goods imported from the PRC during the POR. Furthermore, Since Hardware provided documentation on a post-POR order at verification. The price of the post-POR order and the sale under review are identical. See the Since Hardware Verification Report at pages 9, 10, and Verification Exhibit 18. Finally, we looked to see whether the importer involved in this transaction is an actual commercial entity, and we found no reason to doubt the legitimacy of either the importing party or its agents

involved in this new shipper review. See the December 29, 2006, memorandum to James Maeder from Elizabeth Eastwood and Nichole Zink entitled, "Analysis of Since Hardware (Guangzhou) Co., Ltd.'s *Bona Fides* As A New Shipper," for further discussion of our price and quantity analysis.

Therefore, for the reasons mentioned above, the Department preliminarily finds that Since Hardware's sole U.S. sale during the POR was a *bona fide* commercial transaction.

#### Non-Market Economy Country Status

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 an NME country shall remain in effect until revoked by the administering authority. See e.g., *Fresh Garlic from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Rescission in Part*, 69 FR 70638 (Dec. 7, 2004). 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

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV on the NME producer's FOPs, valued in a surrogate market-economy country or countries considered to be appropriate by the Department. Section 773(c)(4) of the Act requires the Department to utilize, to the extent possible, the prices or costs of FOPs in one or more market-economy countries that are: (1) At a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. The Department has determined that Egypt, India, Indonesia, the Philippines, and Sri Lanka are countries comparable to the PRC in terms of economic development. See the February 9, 2006, memoranda from Ron Lorentzen, Director, Office of Policy, to Irene Darzenta Tzafolias, Acting Director, Office 2, entitled, "New Shipper Review of Hand Trucks from the People's Republic of China (PRC); Request for a List of Surrogate Countries" and "Antidumping Duty Administrative Review of Hand Trucks from the People's Republic of China (PRC); Request for a List of Surrogate Countries." Customarily, we select an appropriate surrogate country based on the availability and reliability of data

from the countries that are significant producers of identical or comparable merchandise. For PRC cases, the primary surrogate country has often been India if it is a significant producer of identical or comparable merchandise. In this case, based on publicly available information placed on the record (e.g., world production data), India is a significant producer of the subject merchandise. Accordingly, we have considered India the surrogate country for purposes of valuing the FOPs because it meets the Department's criteria for surrogate-country selection. See the December 12, 2006, memorandum from Jill Pollack to the file entitled, "2004–2005 Antidumping Duty Administrative and New Shipper Reviews on Hand Trucks and Certain Parts Thereof from the People's Republic of China: Selection of a Surrogate Country," for further discussion.

#### Affiliation

Section 771(33) of the Act states that the Department considers the following entities to be affiliated: (a) Members of a family, including brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants; (b) any officer or director of an organization and such organization; (c) partners; (d) employer and employee; (e) any person directly or indirectly owning, controlling, or holding with power to vote, five percent or more of the outstanding voting stock or shares of any organization and such organization; (f) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and (g) any person who controls any other person and such other person.

For purposes of affiliation, section 771(33) of the Act states that a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person. In order to find affiliation between companies, the Department must find that at least one of the criteria listed above is applicable to the respondents.

To the extent that the affiliation provisions in section 771(33) of the Act do not conflict with the Department's application of separate rates and the statutory NME provisions in section 773(c) of the Act, the Department will determine that exporters and/or producers are affiliated if the facts of the case support such a finding. See *Certain Preserved Mushrooms From the People's Republic of China: Preliminary Results of Sixth New Shipper Review and*

*Preliminary Results and Partial Rescission of Fourth Antidumping Duty Administrative Review*, 69 FR 10410, 10413 (Mar. 5, 2004) (*Mushrooms*), unchanged in *Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review: Certain Preserved Mushrooms From the People's Republic of China*, 70 FR 54361 (Sept. 14, 2005).

Following these guidelines, we preliminarily determine that Forecarry and Formost are affiliated pursuant to section 771(33) of the Act. We also preliminarily determine that Forecarry and Formost should be assigned a single dumping margin for the purposes of this antidumping duty administrative review. Because the details of our affiliation analysis are proprietary in nature, we are unable to discuss them in this notice. Therefore, for further discussion of this issue, see the December 29, 2006, memorandum to James Maeder, Director, Office 2, from Jill Pollack, Senior Analyst, entitled, "Antidumping Duty Administrative Review of Hand Trucks and Certain Parts Thereof from the People's Republic of China: Affiliation of Forecarry Corporation and Formost Plastics & Metalworks (Jianxing) Co., Ltd."

#### Facts Available

##### A. Application of Facts Available

In accordance with section 776(a)(2)(A) of the Act, we preliminarily determine that the use of facts available is appropriate as the basis for the dumping margins for the following producers/exporters: Forecarry, Future Tool, Shandong Machinery, and the PRC-wide entity. Section 776(a)(2) of the Act provides that, if an interested party: (1) Withholds information that has been requested by the Department; (2) fails to provide information in a timely manner or in the form and manner requested, subject to subsections 782(c) and (e) of the Act; (3) significantly impedes a determination under the antidumping statute; or (4) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the

deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to the requirements listed in section 782(e)(1–5) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department "shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority" if the information is timely, can be verified, is not so incomplete that it cannot be used, and the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

##### 1. Forecarry/Formost

As noted above, the Department selected Forecarry as a mandatory respondent in this administrative review on May 9, 2006, and at that time we issued the antidumping duty questionnaire to it. We received Forecarry's responses to the questionnaire on May 30, June 8, and June 28, 2006.

After analyzing these responses, we found that the company's FOP database was not reliable because it was not based on the books and records of the company's PRC supplier, Formost. Rather, this response was based primarily on estimated data and/or observed quantities that were unaccompanied by supporting calculation worksheets. Although we informed Forecarry of this deficiency and provided it several opportunities to correct it, as explained below, Forecarry failed to do so prior to the preliminary results.

We note that, in its response to the second supplemental on this topic, Forecarry claimed that it revised its methodology to base its FOPs on Formost's books and records. However, Forecarry did not provide supporting documentation that linked the reported data to the amounts recorded in Formost's accounting system. Forecarry merely provided POR invoices for certain material and energy factors, as well as partially translated pages from Formost's inventory, production, and labor records, but failed to explain how these documents support its reported FOPs. The deficiencies in Forecarry's responses are discussed in more detail below.

Throughout the course of this administrative review, we have requested that Forecarry reconcile its

reported FOPs to the amounts recorded in Formost's normal books and records. The first request is contained in Appendix V of the May 9 questionnaire, where the Department requested that Forecarry provide:

Worksheets that illustrate how the costs reported on the audited financial statements (or, if your company does not have audited financial statements, on the tax filing) reconcile to the general ledger or trial balance and to the cost accounting system (*i.e.*, the source used to derive the reported input quantities, *e.g.*, materials sub-ledgers, production records, and inventory records). On the worksheets, identify the source documents for all major items shown and cross-reference the worksheets where appropriate (*i.e.*, link between worksheets). If your company does not have a cost accounting system, reconcile the general ledger or trial balance to the books and records normally kept by the company which were used to derive the reported quantity of each input consumed in the production of merchandise covered by the scope of the antidumping investigation/order.

See the Antidumping Duty Questionnaire at Appendix V (issued to Forecarry on May 9, 2006). Forecarry did not submit the reconciliation of its reported FOPs in its original questionnaire response.

On August 8, 2006, the Department issued a supplemental questionnaire to Forecarry that instructed Forecarry to:

Ensure that, in this and all future responses, you submit all worksheets with narrative responses that will allow the Department to follow the flow of the worksheet and any adjustments necessary to calculate the submitted FOPs. Further, ensure that your worksheets demonstrate how the data recorded in Formost's accounting and production records were adjusted in order to derive the amount reported.

In its September 15, 2006, response to the August 8 supplemental questionnaire, Forecarry stated that it reported the weight of hand truck inputs based on the "actual weight of a production sample of each part." However, Forecarry did not provide any worksheets demonstrating how the reported factors tied to the company's books and records, as requested.

On October 19, 2006, the Department issued a second supplemental questionnaire to Forecarry, instructing Forecarry to provide source documentation to support its reported FOPs and to provide the cost reconciliation requested in Appendix V of the Department's original questionnaire. See the October 19, 2006, letter to Forecarry at pages 1 and 2 of Attachment I. In response to the Department's second request for the FOPs reconciliation, Forecarry provided

a worksheet that attempts to show a comparison between the weight of steel and aluminum tubing recorded as manufacturing costs, based on inventory records, to the weight recorded in the FOP database submitted to the Department, which was based on the actual weight of the various finished parts made from these materials. See Forecarry's November 16, 2006, supplemental response at page 4 and Exhibit 2. Forecarry also provided additional worksheets in response to the Department's request for a cost of production reconciliation. See Forecarry's November 16 supplemental response at Exhibit 1. However, Forecarry did not demonstrate how any of the records or worksheets provided in its November 16 response tie to Formost's normal books and records. As a result, the cost reconciliation was incomplete. Further, Forecarry did not explain how any of the reported FOPs were calculated or show how the reported FOPs tie to Formost's inventory or production records.

Regarding labor, we note in both its June 28, 2006, section D response and its September 15, 2006, supplemental response that Forecarry stated that Formost's reported labor factors were based on manager estimates of the labor required to produce the subject merchandise. In its September 15, 2006, response, Forecarry stated that there was no source documentation to support these managers' estimates. See Forecarry's September 15, 2006, supplemental response at page 14. In the October 19, 2006, supplemental questionnaire, the Department required Forecarry to "provide documentation to support these estimates (*e.g.*, documents identifying the employees that work in a particular workshop, documents showing the number of hours worked within a specific amount of time (*e.g.*, week or month) by employees for that particular workshop, documents submitted to Chinese authorities, or payment documentation)." See the Department's October 19, 2006, letter to Forecarry at page 5 of Attachment I. In response to the Department's request, Forecarry provided some partially translated workshop records that it claimed supported the managers' estimates of labor factors reported in its FOP database. However, because these documents are not fully translated, as required by the Department's questionnaire, the Department cannot determine whether they in fact support Forecarry's reported labor.

As described above, Forecarry failed to respond to the Department's requests for information in the form required. The absence of this information has

significantly impeded this review because the Department has been unable to tie Forecarry's reported FOP database to Formost's books and records or any other appropriate source documentation. Forecarry failed to properly respond to the Department's requests, pursuant to section 782(d) of the Act, when it refused to provide documentation related to its reported FOPs. Forecarry's failure to provide the requested information prevented the Department from performing the calculations necessary to establish NV and determine whether Forecarry's U.S. sales were made at or below that NV.

As a threshold matter, a respondent's submitted sales and cost data must reconcile to its audited financial statements or other documentation deemed appropriate by the Department (*e.g.*, tax returns), in order for the Department to use that data in its margin calculations for that company. See, *e.g.*, *Notice of Final Results of Antidumping Duty Administrative Review: Steel Concrete Reinforcing Bars from Latvia*, 71 FR 74900 (Dec. 13, 2006), and accompanying Issues and Decision Memorandum at Comment 1. Because Forecarry has not demonstrated that its reported FOP data ties to its books and records or other appropriate source documentation, Forecarry's entire FOP database is unuseable for purposes of these preliminary results. Moreover, because there is no acceptable FOP database to which we can compare Forecarry's U.S. sales information, we are also unable to use that information. Therefore, pursuant to section 782(e) of the Act, the Department must disregard all of Forecarry's U.S. sales and FOP data.

Finally, we find that the application of section 782(e) of the Act does not overcome Forecarry's failure to provide a useable response. See sections 782(e)(1), (3), and (4) of the Act. Because the information that Forecarry failed to supply is critical for purposes of the preliminary dumping calculations, the Department must resort to total facts otherwise available in determining the margin in its preliminary results, pursuant to sections 776(a)(2)(A)-(C) of the Act.

Nonetheless, the Department is providing Forecarry with a final opportunity to substantiate its reported FOPs by: (1) Reconciling its reported FOPs to Formost's normal books and records; and (2) demonstrating how the reported FOPs were calculated. Documentation that would enable the Department to substantiate these items would include, but is not limited to, worksheets that reconcile the reported factors for material inputs to Formost's

books and records, records from the relevant workshops and worksheets that tie these records to Formost's reported direct labor amounts, and worksheets that tie Formost's reported factors for electricity to meter readings or other appropriate source documentation. We are allowing Forecarry to provide this information no later than January 3, 2007. If we receive a timely response, we will consider this information for purposes of the final results.

## 2. Future Tool

As noted in the "Background" section, above, Future Tool responded to the Department's request for quantity and value data on February 22, 2006, and it submitted a response to section A of the questionnaire on April 10, 2006.

On May 9, 2006, the Department designated Future Tool as a mandatory respondent in this administrative review, and it issued the remaining sections of the questionnaire to the company on that date. However, Future Tool failed to respond to this request for information. Thus, pursuant to sections 776(a)(2)(A) and (C) of the Act, because this company did not respond to sections C and D of the Department's questionnaire, the Department preliminarily finds that the use of total facts available is appropriate.

Moreover, as a result of its failure to respond to the Department's requests for information, Future Tool failed to establish its eligibility for a separate rate. Therefore, Future Tool is not eligible to receive a separate rate and will be part of the PRC-wide entity, subject to the PRC-wide rate. As noted above, this rate will be based on total facts available.

## 3. Shandong Machinery

As discussed in the "Background" section, above, on February 7, 2006, the Department requested that Shandong Machinery provide data on the quantity and value of its exports during the POR to the United States. The deadline to file a response was February 28, 2006. Because the Department did not receive a response from this company,<sup>1</sup> on March 3, 2006, we again issued a letter to Shandong Machinery with a second opportunity to respond to the Department's request for quantity and value information. Shandong Machinery also did not respond to the Department's March 3, 2006, letter. Thus, pursuant to sections 776(a)(2)(A) and (C) of the Act, because this

company did not respond to the Department's questionnaire, the Department preliminarily finds that the use of total facts available is appropriate. Moreover, Shandong Machinery failed to establish its eligibility for a separate rate. Therefore, Shandong will be part of the PRC-wide entity, subject to the PRC-wide rate. As noted above, this rate will be based on total facts available.

### B. Adverse Facts Available (AFA)

According to section 776(b) of the Act, if the Department finds that an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information, the Department may use an inference that is adverse to the interests of that party in selecting from the facts otherwise available. See, e.g., *Notice of Final Results of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 70 FR 54023, 54025–26 (Sept. 13, 2005); see also *Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55792, 55794–96 (Aug. 30, 2002). Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." See *Statement of Administrative Action accompanying the Uruguay Round Agreements Act*, H.R. Rep. No. 103–316, Vol. 1, at 870 (1994) (SAA). Furthermore, "affirmative evidence of bad faith on the part of a respondent is not required before the Department may make an adverse inference." See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27340 (May 19, 1997); see also *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382 (Fed. Cir. 2003) (*Nippon*).

Each of the respondents was notified in the Department's questionnaires that failure to submit the requested information by the date specified might result in the use of facts available. Generally, it is reasonable to assume that Forecarry/Formost and the PRC-wide entity (including Shandong Machinery and Future Tool) possessed the records necessary for this administrative review and that, by not supplying the information the Department requested, these companies failed to cooperate to the best of their ability. In addition, none of the companies in this review argued that they were incapable of providing the information the Department requested, or requested that the Department modify its reporting requirements in accordance with 782(c)(1) of the Act. Accordingly,

because Forecarry/Formost failed to submit useable FOP information, which was not only specifically requested by the Department, but was also fundamental to the dumping analysis, and PRC-wide entity (including Future Tool and Shandong Machinery) failed to respond to the Department's requests for information, we preliminarily find that these companies have not acted to the best of their abilities in this proceeding, within the meaning of section 776(b) of the Act. Therefore, an adverse inference is warranted in selecting from the facts otherwise available. See *Nippon*, 337 F.3d at 1382–83.

### C. Selection of an AFA Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from: (1) The petition; (2) a final determination in the investigation; (3) any previous review or determination; or (4) any information placed on the record. In reviews, the Department normally selects as AFA the highest rate determined for any respondent in any segment of the proceeding. See, e.g., *Freshwater Crawfish Tail Meat from the People's Republic of China: Notice of Final Results of Antidumping Duty Administrative Review*, 68 FR 19504 (Apr. 21, 2003). The Court of International Trade (CIT) and the Court of Appeals for the Federal Circuit have consistently upheld the Department's practice. See *Rhone Poulenc, Inc. v. United States*, 899 F.2d 1185, 1190 (Fed. Cir. 1990) (*Rhone Poulenc*); *NSK Ltd. v. United States*, 346 F. Supp. 2d 1312, 1335 (CIT 2004) (upholding a 73.55 percent total AFA rate, the highest available dumping margin from a different respondent in a less-than-fair-value (LTFV) investigation);

*Kompass Food Trading Int'l v. United States*, 24 CIT 678, 689 (2000) (upholding a 51.16 percent total AFA rate, the highest available dumping margin from a different, fully cooperative respondent); and *Shanghai Taoen International Trading Co., Ltd. v. United States*, 360 F. Supp. 2d 1339 at 1348 (CIT 2005) (upholding a 223.01 percent total AFA rate, the highest available dumping margin from a different respondent in a previous administrative review). The Department's practice, when selecting an AFA rate from among the possible sources of information, has been to ensure that the margin is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely

<sup>1</sup> The Department included documentation confirming delivery of the initial quantity and value questionnaire to Shandong Machinery in its March 3, 2006, letter at Attachment II.

manner." See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (Feb. 23, 1998). The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." See SAA at 870; see also *Final Determination of Sales at Less than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil*, 69 FR 76910 (Dec. 23, 2004); and *D&L Supply Co. v. United States*, 113 F.3d 1220, 1223 (Fed. Cir. 1997). In choosing the appropriate balance between providing respondents with an incentive to respond accurately and imposing a rate that is reasonably related to the respondent's prior commercial activity, selecting the highest prior margin "reflects a common sense inference that the highest prior margin is the most probative evidence of current margins, because, if it were not so, the importer, knowing of the rule, would have produced current information showing the margin to be less." See *Rhone Poulenc*, 899 F.2d at 1190. Consistent with the statute, court precedent, and its normal practice, the Department has assigned the rate of 383.60 percent to the PRC-wide entity (including Shandong Machinery and Future Tool) and Forecarry/Formost as AFA. This rate was assigned in the investigation of this proceeding and is the highest rate determined for any party in any segment of this proceeding. See *Amended Final Determination of Sales at Less Than Fair Value: Hand Trucks and Certain Parts Thereof From the People's Republic of China*, 69 FR 65410 (Nov. 12, 2004) (*Hand Trucks Amended Final Determination*). As discussed below, this rate has been corroborated.

#### D. Corroboration of Secondary Information

Section 776(c) of the Act provides that when the Department relies on the facts otherwise available and on "secondary information," the Department shall, to the extent practicable, corroborate that information from independent sources reasonably at the Department's disposal. The SAA states that "corroborate" means to determine that the information used has probative value. See SAA at 870. The Department has determined that to have probative value, information must be reliable and relevant. See SAA at 870; see also *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof,*

*From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (Nov. 6, 1996). The SAA also states that independent sources used to corroborate such evidence may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. See SAA at 870. See also *Preliminary Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 35627 (June 16, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 62560, 62561 (Nov. 5, 2003); and *Final Determination of Sales at Less Than Fair Value: Live Swine from Canada*, 70 FR 12181 (Mar. 11, 2005).

We are applying as 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 383.60 percent) was the highest rate calculated based on information contained in the petition in the LTFV investigation. See *Hand Trucks Amended Final Determination*, 69 FR at 65411. This AFA rate is the same rate that the Department assigned to certain hand truck companies in the original LTFV determination. In the investigation, the Department determined the reliability of the margin contained in the petition by comparing the U.S. prices from the price quotes in the petition to prices of comparable products sold by Huatian, a mandatory respondent in the LTFV investigation, and found them to be comparable. The Department also compared the surrogate values used in the petition to the surrogate values selected for the final determination, and then adjusted and replaced certain values to make them more accurate. \*Finally, the Department replaced the surrogate value ratios in the petition with those used in the final investigation. Therefore, in the investigation, we found this margin to be reliable. See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Hand Trucks and Certain Parts Thereof From the People's Republic of China*, 69 FR 29509 (May 24, 2004), as amended by *Hand Trucks Amended Final Determination*, 69 FR at 65411. Further, the application of this

margin was subject to comment from interested parties in that segment of the proceeding. The Department has received no information to date that warrants revisiting the issue of the reliability of the rate and no party has submitted comments challenging the reliability of this margin. Thus, the Department finds that the margin calculated in the LTFV investigation is reliable.

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 (Feb. 22, 1996), the Department disregarded the highest margin in that case as adverse best information available (the predecessor to facts available) because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin. Similarly, the Department does not apply a margin that has been discredited. See *D & L Supply Co. v. United States*, 113 F.3d 1220, 1222 (Fed. Cir. 1997) (the Department will not use a margin that has been judicially invalidated). None of these unusual circumstances are present here. Further, the selected margin is currently the PRC-wide rate. As there is no information on the record of these reviews that indicates that this rate is not relevant as AFA for Forecarry/Formost and the PRC-wide entity, we determine that this rate is relevant.

Because the rate is both reliable and relevant, it has probative value. Accordingly, we determine that the highest rate determined in any segment of this administrative proceeding (*i.e.*, 383.60 percent) is corroborated (*i.e.*, it has probative value). We have assigned this AFA rate to exports of the subject merchandise by Forecarry/Formost and the PRC-wide entity, including Future Tool and Shandong Machinery.

#### 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 three respondents participating in these reviews, two of the companies (*i.e.*, Forecarry and Since Hardware) are owned wholly by entities located in

market-economy countries. Thus, for these two companies, because we have no evidence indicating that they are under the control of the PRC government, a separate-rate analysis is not necessary to determine whether they are independent from government control. See *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of Fifth New Shipper Review*, 66 FR 44331 (Aug. 23, 2001), citing *Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of Fifth New Shipper Review*, 66 FR 29080 (May 29, 2001) (where the respondent was wholly owned by a U.S. registered company); *Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review*, 66 FR 1303, 1306 (Jan. 8, 2001) (where the respondent was wholly owned by a company located in Hong Kong); and *Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate from the People's Republic of China*, 64 FR 71104, 71105 (Dec. 20, 1999) (where the respondent was wholly owned by persons located in Hong Kong).

The remaining participating respondent, True Potential, is a privately owned company in the PRC. Thus, for True Potential, a separate-rate analysis is necessary to determine whether the export activities of this company 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 56570 (Apr. 30, 1996). 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), and amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). 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* government 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.

True Potential has placed on the administrative record documents to demonstrate an absence of *de jure* control (*i.e.*, the 1999 "Company Law of the People's Republic of China"). As in prior cases, we have analyzed this law and have found it to establish sufficiently an absence of *de jure* control over privately owned 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, 22546–47 (May 8, 1995) (*Furfuryl Alcohol*); and *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, 29573 (June 5, 1995) (unchanged in the final determination). We have no new information in this proceeding that would cause us to reconsider this determination with regard to True Potential.

#### 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*, 60 FR at 29573; and *Furfuryl Alcohol*, 60 FR at 22546–47. 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 government control that would preclude the Department from assigning separate rates.

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* government control of its export functions: (1) Whether the export prices are set by, or subject to the approval of, a government 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*, 60 FR at 29573; and *Furfuryl Alcohol*, 60 FR at 22546–47.

True Potential has asserted the following: (1) It establishes its own export prices; (2) it negotiates orders without guidance from any government entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales and uses profits according to its business needs. Additionally, True Potential's questionnaire responses indicate that it did not coordinate its pricing during the POR with other exporters of the subject merchandise.

Consequently, we have preliminarily determined that True Potential has met the criteria for the application of a separate rate based on the documentation it has submitted on the record of this review.

#### Normal Value Comparisons

To determine whether sales of the subject merchandise by Since Hardware and True Potential to the United States were made at prices below NV, we compared each company's export prices (EPs) to NV, as described in the "Export Price" and "Normal Value" sections of this notice, below.

#### Export Price

For Since Hardware and True Potential, 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 constructed export price was not otherwise indicated.

We calculated EP based on packed, FOB 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, in accordance with section 772(c)(2) 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 the "Surrogate Country" section, above, for further discussion of our surrogate-country selection).

To value foreign inland trucking charges, we used truck freight rates published in an Indian logistics Web site that tracks freight rates for all of India (*i.e.*, <http://www.infreight.com>). To value foreign brokerage and handling expenses, we calculated an average rate based on two different sources: (1) The December 2003–November 2004 data contained in Essar Steel's (Essar) February 28, 2005, public version

response submitted in the antidumping administrative review of Hot-Rolled Carbon Steel Flat Products from India; and (2) the November 2002–September 2003 data contained in Pidilite Industries' (Pidilite) March 9, 2004, public version response submitted in the antidumping duty investigation of Carbazole Violet Pigment 23 from India. See *Certain Hot-Rolled Carbon Steel Flat Products From India: Preliminary Results of Antidumping Duty Administrative Review*, 71 FR 2018 (Jan. 12, 2006) (unchanged in the final results); and *Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 From India*, 69 FR 67306 (Nov. 17, 2004). Because the data from both Essar and Pidilite were outside of the POR, we applied Indian wholesale price index (WPI) inflators to them to make them contemporaneous with the POR before calculating an average foreign brokerage and handling expense rate. See the December 29, 2006, memorandum from Elizabeth Eastwood to the file entitled, "Factors of Production Valuation Memorandum for the Preliminary Results of the First Administrative Review and Preliminary Results of the First New Shipper Review" (Factor Valuation Memorandum) for a detailed description of the calculation of these surrogate values.

#### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using a FOP 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 FOPs because the presence of government controls on various aspects of the PRC economy renders price comparisons and the calculation of production costs invalid under its normal methodologies.

For purposes of calculating NV, we valued the PRC FOPs in accordance with section 773(c)(1) of the Act. The FOPs 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 (Dec. 16, 2004) (unchanged in the final results).

In accordance with section 773(c) of the Act, we calculated NV based on the FOPs reported by Since Hardware (adjusted as appropriate for our findings at verification) and True Potential for the POR for materials, energy, labor, by-products, and packing. See the Factor Valuation Memorandum. As the basis for NV, Since Hardware and True Potential reported FOP information for each separate stage of production, including the factors used in the production of all self-produced material and energy inputs, and by-products. We have valued the factors reported for each self-produced input for purposes of the preliminary results, in accordance with our practice. See *Polyvinyl Alcohol from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 62086 (Oct. 23, 2006).

In accordance with 19 CFR 351.408(c)(1), where a producer sources an input from a market economy and pays for it in a market-economy currency, the Department employs the actual price paid to calculate the factors-based NV. See *Lasko Metal Products v. United States*, 43 F.3d 1442, 1445–1446 (Fed. Cir. 1994). Since Hardware reported that some of its inputs were purchased from market economies and paid for in market-economy currencies. See the "Factor Valuations" section of this notice, below, for further discussion.

#### Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on the FOPs 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). For a detailed description of all surrogate values used for the respondents, see the Factor Valuation Memorandum.

As explained above, Since Hardware provided evidence that it had purchased certain raw material inputs from market-economy suppliers and paid for them in market-economy currencies. Therefore, in accordance with 19 CFR 351.408(c)(1), the Department has determined to use the market-economy prices as reported by Since Hardware in order to value these inputs in instances where the inputs were obtained from both market-economy and NME suppliers because the market-economy inputs represent a significant quantity of the inputs and they were paid for in a market-economy currency.

Except where discussed below, we valued raw material inputs using December 2004–November 2005 weighted-average Indian import values derived from the *World Trade Atlas* Web site (*WTA*) (see also the Factor Valuation Memorandum). The Indian import statistics we obtained from the *WTA* were published by the Directorate General of Commercial Intelligence and Statistics, Ministry of Commerce of India, and were reported in rupees. Indian surrogate values denominated in foreign currencies were converted to U.S. dollars using the applicable exchange rate for India from the Department's Web site. Where we could not obtain publicly available information contemporaneous with the POR with which to value factors, we adjusted the surrogate values for inflation using WPIs as published in the International Monetary Fund's *International Financial Statistics*. See the Factor Valuation Memorandum.

It is the Department's current practice that, where the facts developed in U.S. or third-country countervailing duty findings include the existence of subsidies that appear to be used generally (in particular, broadly available, non-industry-specific export subsidies), it is reasonable for the Department to consider that it has particular and objective evidence to support a reason to believe or suspect that prices of the inputs from the country granting the subsidies may be subsidized. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic*

of China; *Final Results of the 1998–1999 Administrative Review, Partial Rescission of Review, and Determination Not to Revoke Order in Part*, 66 FR 1953 (Jan. 10, 2001), and accompanying Issues and Decision Memorandum at Comment 1; *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Final Results of 1999–2000 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part*, 66 FR 57420 (Nov. 15, 2001), and accompanying Issues and Decision Memorandum at Comment 1; and *China National Machinery Imp. & Exp. Corp. v. United States*, 293 F. Supp. 2d 1334, 1339 (CIT 2003). Therefore, in instances where we relied on Indian import data to value inputs, in accordance with the Department's practice, we excluded imports from NME countries, Indonesia, the Republic of Korea, and Thailand to value the FOPs.

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.

#### Surrogate Valuations

We valued the following FOPs using India import statistics as published by the WTA, contemporaneous with the POR: Acetylene, aluminum rivets, aluminum sections, argon gas, axis of rotation, ball bearings, barium sulfate, brightening agents, bungee cable, butyl ether, carbon dioxide, dyes, epoxy resin, filler, hydrochloric acid, ink, iron rings, lacquer, light calcium carbonate, lock washers, muriate of potash, nitric acid, nuts, oxygen, PA resin, PE resin, PP resin, paint powder, pigment, phosphate, pins, phosphoric acid, phasing pencils, rubber part, standard parts (*i.e.*, screws or bolts with nuts or washers), steel sand, steel rods, steel springs, sulfuric acid, tapping screws, tianna water, titanium dioxide, welded pipe, welding rod, zinc alloys, zinc chloride, and zinc ingots. We valued hot-rolled steel using Indian import statistics as published by the WTA covering the period December 2003 to November 2004. Because this data was from a period prior to the POR, we applied a WPI inflator to it to make it contemporaneous with the POR. We valued paraffin using Indian domestic market prices reported in *Chemical Weekly*, contemporaneous with the POR. See the Factor Valuation Memorandum.

We valued water using data from the Maharashtra Industrial Development

Corporation. We applied a WPI inflator to this surrogate value to make it contemporaneous with the POR. See *id.*

We valued diesel oil and coal oil using data obtained from *Key World Energy Statistics 2005*, published by the International Energy Agency (IEA), for the first quarter of 2005. See *id.*

We valued electricity using the 2000 total average price per kilowatt hour for "Electricity for Industry" as reported in *Key World Energy Statistics 2003*, published by the IEA. We applied a WPI inflator to this surrogate value to make it contemporaneous with the POR. See *id.*

To value plastic bags, PS foam, tape, and instruction books (*i.e.*, the packing materials reported by the respondents), we used Indian import statistics as published by the WTA, contemporaneous with the POR. See *id.*

Regarding petrolatum, reported by Since Hardware, we did not value this factor because: (1) Surrogate value information was not available; and (2) the material was reported as being used in minimal amounts. In previous cases, where certain materials were reportedly consumed in very small amounts and the surrogate values for these materials were not available, the Department did not include surrogate values for these materials in its calculation of NV. See *Polyvinyl Alcohol from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 67434, 67439 (Nov. 7, 2005) (unchanged in the final results); *Synthetic Indigo from the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000), and the accompanying Issues and Decision Memorandum at Comment 8; *Ferrovandium and Nitrided Vanadium from the Russian Federation: Notice of Final Results of Antidumping Duty Administrative Review*, 62 FR 65656 (Dec. 15, 1997), and the accompanying Issues and Decision Memorandum at Comment 11; and *Final Determination of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans from the People's Republic of China*, 56 FR 55273 (Oct. 25, 1991).

For direct labor, indirect labor, and packing labor, consistent with 19 CFR 351.408(c)(3), we used the PRC regression-based wage rate as reported on Import Administration's Web site, Expected Wages of Selected NME Countries, revised in November 2005, <http://ia.ita.doc.gov/wages/03wages/110805-2003-Tables/03wages-110805.html#table1>. The source of these wage rate data on Import Administration's Web site is the *Yearbook of Labour Statistics 2002, ILO*

(Geneva: 2002), Chapter 5B: Wages in Manufacturing. Because this regression-based wage rate does not separate the labor rates into different skill levels or types of labor, we have applied the same wage rate to all skill levels and types of labor reported by the respondents. See *id.*

To determine factory overhead, selling, general, and administrative expenses, and profit for the finished product, we relied on rates derived from the financial statements of Rexello Castors Private Limited (Rexello), an Indian producer of identical merchandise. We applied these ratios to the respondents' costs (determined as noted above). See *id.*

Finally, the respondents reported that they generated certain other by-products as a result of the production of hand trucks. We valued steel scrap using Indian import statistics as published by the WTA, contemporaneous with the POR. We valued aluminum scrap and recycled paint powder using Indian import statistics as published by the WTA, covering the period December 2002 to November 2003. Because this data was prior to the POR, we applied a WPI inflator to it to make it contemporaneous with the POR.

#### Preliminary Results of Reviews

We preliminarily determine that the following margins exist during the period December 1, 2004, through November 1, 2005:

Exporter/manufacturer	Weighted-average margin percentage
Forecarry Corp./Formost Plastics & Metalworks (Jianxing) Co., Ltd. ....	383.60
Since Hardware (Guangzhou) Co., Ltd. ....	12.22
True Potential Co., Ltd. ....	39.54
PRC-Wide Rate <sup>2</sup> .....	383.60

#### Disclosure

The Department will disclose calculations performed for these preliminary results to the parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of publication of these preliminary results. See 19 CFR 351.310(c). Any hearing, if requested, will generally be held two days after the scheduled date for submission of rebuttal briefs. See 19 CFR 351.310(d). Interested parties may

<sup>2</sup> We note that because both Future Tool and Shandong Machinery are part of the PRC-wide entity, they are subject to the PRC-wide rate.

submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. See 19 CFR 351.309(c)(ii). Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than five days after the time limit for filing the case briefs. See 19 CFR 351.309(d). Further, parties submitting written comments should provide the Department with an additional copy of those comments on diskette. The Department will issue the final results of these administrative and new shipper reviews, which will include the results of its analysis of issues raised in any comments, and at a hearing, within 120 days of publication of these preliminary results, pursuant to section 751(a)(3)(A) of the Act.

#### Assessment Rates

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. The Department intends to issue assessment instructions to CBP 15 days after the date of publication of the final results of review. Pursuant to 19 CFR 351.212(b)(1), 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 True Potential, we do not have the actual entered value because it was either not the importer of record for the subject merchandise or was unable to obtain the entered value data for its reported sales from the importer of record. For True Potential, we intend to calculate individual customer-specific assessment rates by aggregating the dumping margins calculated for all of the U.S. sales examined and dividing that amount by the total quantity of the sales examined. To determine whether the duty assessment rates are *de minimis* (i.e., less than 0.50 percent), in accordance with the requirement set forth in 19 CFR 351.106(c)(2), we will calculate customer-specific *ad valorem* ratios based on export prices.

We will instruct CBP to assess antidumping duties on all appropriate entries covered by these reviews if any importer- or customer-specific assessment rate calculated in the final results of these reviews is above *de minimis*.

For entries of the subject merchandise during the POR from companies not subject to these reviews, 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

The following deposit requirements will be effective upon publication of the final results of these reviews for all shipments of hand trucks and certain parts thereof 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 all respondents 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 (i.e., Huatian and Taifa); (3) the cash deposit rate for the PRC-wide entity (including Future Tool and Shandong Machinery) will continue to be 383.60 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: December 29, 2006.

**Stephen J. Claeys,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-863]

#### Notice of Extension of the Preliminary Results of Antidumping Duty New Shipper Review: Honey From the People's Republic of China

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

**DATES:** *Effective Date:* January 9, 2007.

**FOR FURTHER INFORMATION CONTACT:** Erin Begnal or Michael Quigley; 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 and (202) 482-4047, respectively.

#### Background

The Department of Commerce ("Department") received a timely request from Shanghai Bloom International Trading Co., Ltd. ("Shanghai Bloom"), in accordance with 19 CFR 351.214(c), for a new shipper review of the antidumping duty order on honey from the People's Republic of China ("PRC"). On August 30, 2006, the Department found that the request for review with respect to Shanghai Bloom met all of the regulatory requirements set forth in 19 CFR 351.214(b) and initiated an antidumping duty new shipper review covering the period December 1, 2005, through June 30, 2006. See *Honey from the People's Republic of China: Initiation of New Shipper Antidumping Duty Review*, 71 FR 52764 (September 7, 2006). The preliminary results are currently due no later than February 26, 2007.

#### Extension of Time Limits for Preliminary Results

Section 751(a)(2)(B)(iv) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.214(i)(1) require the Department to issue the preliminary results of a new shipper review within 180 days after the date on which the new shipper review was initiated and final results of a review within 90 days after the date on which the preliminary results were issued. The Department may, however, extend the time period for completion of the preliminary results of a new shipper review to 300 days if it determines that the case is extraordinarily complicated. See 19 CFR 351.214(i)(2).

The Department has determined that the review is extraordinarily