

require a cash deposit or the posting of a bond equal to the weighted-average dumping margins, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/Exporter	Weighted-Average Margin (percent)
PT. Pabrik Kertas Tjiwi Kimia Tbk, PT. Pindo Deli Pulp and Paper Mills, and PT. Indah Kiat Pulp and Paper Tbk (collectively, PD/TK) .....	10.85
All Others .....	10.85

#### Disclosure

We will disclose the calculations used in our analysis to parties in this proceeding in accordance with 19 CFR 351.224(b).

#### ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of the Department's preliminary affirmative determination. If the Department's final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of CFS from Indonesia are materially injuring, or threaten material injury to, the U.S. industry. Because we have postponed the deadline for our final determination to 135 days from the date of the publication of this preliminary determination (*see below*), the ITC will make its final determination within 45 days of our final determination.

#### Public Comment

Interested parties are invited to comment on the preliminary determination. Interested parties may submit case briefs to the Department no later than seven days after the date of the issuance of the final verification report in this proceeding. Rebuttal briefs, the content of which is limited to the issues raised in the case briefs, must be filed within five days from the deadline date for the submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Further, we request that parties submitting briefs and rebuttal briefs provide the Department with a copy of the public version of such briefs on diskette. In accordance with section 774 of the Act,

the Department will hold a public hearing, if timely requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a timely request for a hearing is made in this investigation, we intend to hold the hearing two days after the rebuttal brief deadline date at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and in a room to be determined. Parties should confirm by telephone, the date, time, and location of the hearing 48 hours before the scheduled date.

Interested parties who wish to request a hearing, or to participate in a hearing if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, oral presentations will be limited to issues raised in the briefs.

#### Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2) of the Act, on May 15, 2007, PD/TK requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days. At the same time, PD/TK requested that the Department extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a four-month period to a six-month period. In accordance with section 733(d) of the Act and 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting this request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: May 29, 2007.

#### David Spooner,

Assistant Secretary for Import Administration.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-906]

#### Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China

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

**EFFECTIVE DATE:** June 4, 2007.

**SUMMARY:** The Department of Commerce (the "Department") preliminarily determines that coated free sheet paper ("CFS") from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Tariff Act of 1930, as amended ("Act"). The estimated dumping margins are shown in the "Preliminary Determination" section of this notice.

#### FOR FURTHER INFORMATION CONTACT:

Magd Zalok or Drew Jackson, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone: (202) 482-4162 or 482-4406, respectively.

#### SUPPLEMENTARY INFORMATION:

##### Background

On October 31, 2006, the Department received petitions concerning imports of CFS from the PRC, Indonesia, and the Republic of Korea ("Korea") filed in proper form by NewPage Corporation ("petitioner") on behalf of the domestic industry. The Department initiated antidumping duty investigations of CFS from the above-mentioned countries on November 20, 2006. *See Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper from Indonesia, the People's Republic of China, and the Republic of Korea*, 71 FR 68537 (November 27, 2006) ("*Initiation Notice*"). On December 22, 2006, the International Trade Commission ("ITC") preliminarily determined that there is a reasonable indication that imports of CFS from the PRC, Indonesia, and Korea are materially injuring the U.S. industry. *See Coated Free Sheet Paper From China, Indonesia, and Korea, Investigation Nos. 701-TA-444-446 and 731-TA-1107-1109 (Preliminary)*, 71 FR 78464 (December 29, 2006).

On November 29, 2006, the Department requested quantity and value ("Q&V") information from 14

companies identified in the petition as potential producers or exporters of CFS from the PRC. *See* Exhibit 5, Volume I, of the October 31, 2006 Petition for the Imposition of Antidumping and Countervailing Duties.

On December 27, 2006, the Department received Q&V responses from four interested parties. Additionally, on January 3, 2007, the Department received an untimely Q&V response from UPM—Kymmene (Changshu) Paper Industry Co., Ltd. (“UPM”), which we rejected. *See* letter to UPM concerning “Return of Untimely Submission of Quantity and Value Information” dated January 11, 2007.

On December 27, 2006, the Department received a separate-rate application from Yanzhou Tianzhang Paper Industry Co. Ltd. (“Yanzhou Tianzhang”), a producer and exporter not named in the petition. Additionally, on January 26, 2007, the Department received a separate-rate application from UPM, which we rejected. *See* letter to UPM concerning “Submissions by UPM—Kymmene (Changshu) Paper Industry Co., Ltd.” dated February 8, 2007.<sup>1</sup>

On January 10, 2007, the Department selected Gold East Paper (Jiangsu) Co. Ltd. (“GE”), and Shandong Chenming Paper Holdings Limited (“Chenming”) as mandatory respondents. *See* memorandum regarding “Selection of Respondents for the Antidumping Investigation of Coated Free Sheet Paper from the People’s Republic of China,” dated January 10, 2007 (“Respondent Selection Memorandum”).

On January 11, 2007, we issued the Department’s antidumping questionnaire to the mandatory respondents. GE and Chenming submitted timely responses to the Department’s questionnaire during February and March 2007. The Department issued supplemental questionnaires to, and received responses from, GE and Chenming from February to May 2007. The petitioner submitted comments to the Department regarding GE’s and Chenming’s questionnaire and supplemental questionnaire responses from February to April 2007.

On January 24, 2007, the Department released a memorandum in which it listed potential surrogate countries and invited interested parties to comment on surrogate country and factor value selection. No party responded to the Department’s invitation to comment on

surrogate country selection. However, from March to May, 2007, both the petitioner and the respondents submitted surrogate values, including surrogate financial statements, for use in this investigation. All of the submitted surrogate data are from India.

On February 15, 2007, the respondent in the antidumping duty investigation of CFS from Korea submitted comments to the Department regarding the appropriate model matching criteria. The Department received no rebuttal comments on model matching.

On March 1, 2007, the petitioner made a timely request, pursuant to 19 CFR 351.205(e), for a fifty-day postponement of the preliminary determination in this investigation. On March 19, 2007, pursuant to section 733(c)(1)(A) of the Act, the Department postponed the preliminary determination until no later than May 29, 2007. *See Postponement of Preliminary Determinations in the Antidumping Duty Investigations of Coated Free Sheet Paper from the People’s Republic of China, Indonesia, and the Republic of Korea*, 72 FR 12757 (March 19, 2007). On May 11, 2007, the petitioner, the respondents, and the Bureau of Fair Trade, Ministry of Commerce, People’s Republic of China (“BOFT”), submitted comments to the Department regarding issues they would like addressed in the preliminary determination. In addition, on May 11, 2007, UPM filed a submission with the Department in which it requested that the Department reconsider its decision not to accept the company’s untimely Q&V response. For the reasons given in the Department’s January 11, and February 8, 2007 letters to UPM, the Department has not reversed its earlier decision to reject UPM’s separate-rate application and untimely Q&V response.

Also, on May 11, 2007, GE requested that, in the event of an affirmative preliminary determination in this investigation, the Department: (1) postpone its final determination by 60 days in accordance with 19 CFR 351.210(2)(ii) and 735(a)(2)(A) of the Act; and (2) extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a 4-month period to a 6-month period. Finally, on May 18, 2007, the petitioner responded to the BOFT’s May 11, 2007 comments.

#### Period of Investigation

The period of investigation (“POI”) is April 1, 2006, through September 30, 2006. This period comprises the two fiscal quarters immediately prior to the month in which the petition was filed

(October 31, 2006). *See* 19 CFR 351.204(b)(1).

#### Scope of the Investigation

The merchandise covered by this investigation includes coated free sheet paper and paperboard of a kind used for writing, printing or other graphic purposes. Coated free sheet paper is produced from not-more-than 10 percent by weight mechanical or combined chemical/mechanical fibers. Coated free sheet paper is coated with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating. Coated free sheet paper may be surface-colored, surface-decorated, printed (except as described below), embossed, or perforated. The subject merchandise includes single- and double-side-coated free sheet paper; coated free sheet paper in both sheet or roll form; and is inclusive of all weights, brightness levels, and finishes. The terms “wood free” or “art” paper may also be used to describe the imported product.

Excluded from the scope are: (1) Coated free sheet paper that is imported printed with final content printed text or graphics; (2) base paper to be sensitized for use in photography; and (3) paper containing by weight 25 percent or more cotton fiber. Coated free sheet paper is classifiable under subheadings 4810.13.1900, 4810.13.2010, 4810.13.2090, 4810.13.5000, 4810.13.7040, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.7040, 4810.19.1900, 4810.19.2010, and 4810.19.2090 of the Harmonized Tariff Schedule of the United States (“HTSUS”). While HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

#### Scope Comments

The Department set aside a period of time for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of the Initiation Notice. *See Initiation Notice*, 71 FR at 68538; *see also Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

On January 12, 2007, the respondents in the antidumping duty investigation of CFS from Indonesia submitted timely comments on the record of this proceeding, in which they requested that the Department exclude cast-coated CFS from the scope of the investigation. On January 19, 2007, the petitioner responded to these comments. The

<sup>1</sup> *See also* the submissions to the Department from UPM dated January 29, 2007, February 1, 2007, and February 5, 2007, and from the petitioner dated February 2, 2007.

Department has analyzed these comments and rebuttal comments and determined that it is not appropriate to exclude cast-coated CFS from the scope of the CFS investigations. See memorandum regarding "Request to Exclude Cast-Coated Free Sheet Paper from the Antidumping Duty and Countervailing Duty Investigations on Coated Free Sheet Paper," dated March 22, 2007, on file in the Central Records Unit ("CRU") of the main Department building.

#### **Non-Market-Economy ("NME") Treatment**

The Department considers the PRC to be an NME country. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, ("TRBs") From the People's Republic of China: Preliminary Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (February 14, 2003), unchanged in *TRBs from the People's Republic of China: Final Results of 2001-2002 Administrative Review*, 68 FR 70488 (December 18, 2003).

In its May 11, 2007 comments, the BOFT argues that recent findings by the Department in the countervailing duty ("CVD") investigation of CFS from the PRC require the Department to treat the PRC as a market-economy country. Absent revocation of the PRC's NME status, the BOFT argues that those recent findings require the Department to immediately modify its NME methodology by instituting: (1) a presumption that all PRC exporters are independent from government control and entitled to separate rates; and (2) a provision for granting market economy treatment to certain respondents. Additionally, the BOFT requests that, in the instant investigation, the Department: (1) exercise its discretion, under the statute, and base normal value ("NV") on home market or third country prices (given that home market values were used in the companion CVD investigation); and (2) adopt measures to avoid imposing both antidumping and countervailing duties to compensate for the same unfair trade practice ("double-remedy").

In its May 11, 2007, comments Chenming also argues that the Department must adjust its antidumping duty calculation to avoid a "double remedy."

The petitioner urges the Department to reject the BOFT's and Chenming's arguments. According to the petitioner,

the Department should reject the BOFT's proposal for treating the PRC as a market economy country because the proposal was submitted too late to be considered in this investigation and does not address the statutory and regulatory criteria for granting market economy or market-oriented industry status. With respect to the double-remedy, the petitioner makes the following points: (1) adjusting the dumping margin for domestic subsidies is contrary to the statute; (2) the BOFT has not supported its assertion that domestic subsidies reduce export prices; (3) the NME methodology was designed to calculate NV in antidumping cases, not provide a remedy for subsidization; (4) the BOFT's presumption that surrogate values result in a subsidy-free restatement of the NME producer's costs misconstrues the operation and purpose of surrogate values (surrogate values do not exactly replicate the NME producer's costs); (5) during its accession to the World Trade Organization ("WTO"), the PRC agreed to be bound by the disciplines in the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on the Implementation of Article VI (the "Antidumping Agreement"), neither of which include provisions about adjustments to be made for domestic subsidies; and (6) there is no basis for adjusting PRC companies' dumping margins for domestic subsidies when no other U.S. trading partner is granted such an adjustment (in fact, the Government Accountability Office stated that granting special concessions to the PRC to correct an alleged double remedy would be "wholly inappropriate").

The Department has not revoked its determination that the PRC is a NME country, nor has it altered in this determination its NME methodology as requested by the BOFT. With respect to market-economy treatment of certain entities, we note that on May 25, 2007, the Department published a notice in the **Federal Register** requesting comments on whether it should consider granting market-economy treatment to individual respondents in antidumping proceedings involving China, the conditions under which individual firms should be granted market-economy treatment, and how such treatment might affect our antidumping calculation for such qualifying respondents. See *Antidumping Methodologies in Proceedings Involving Certain Non-Market Economies: Market-Oriented Enterprise*, 72 FR 29302 (May 25, 2007). The Department will address market-

economy treatment of individual respondents after considering the comments submitted within that process. We further note that the question of whether a double remedy has been or could be applied, or whether the Department has the authority to adjust for such a situation, involves complex factual, methodological and legal issues that will require additional time to analyze. In this regard, we note that the comments we have received to date do not address with sufficient specificity the analytical and computational methods by which one might attempt to determine the existence and extent of any alleged double remedy. Therefore, the Department cannot at this time determine whether an adjustment is necessary nor, if so, calculate an appropriate adjustment. However, the Department will analyze comments regarding the double remedy that are submitted by interested parties during the course of this investigation, and may seek additional information on the topic. Therefore, in this preliminary determination, we have treated the PRC as an NME country and applied our current NME methodology.

#### **Selection of a Surrogate Country**

In antidumping proceedings involving NME countries, the Department, pursuant to section 773(c)(1) of the Act, will generally base NV on the value of the NME producer's factors of production. In accordance with section 773(c)(4) of the Act, in valuing the factors of production, the Department shall utilize, to the extent possible, the prices or costs of factors of production in one or more market-economy countries that are at a level of economic development comparable to that of the NME country and are significant producers of merchandise comparable to the subject merchandise.

The Department has determined that India, Indonesia, Sri Lanka, the Philippines, and Egypt are countries that are at a level of economic development comparable to that of the PRC. See memorandum regarding "Antidumping Duty Investigation of Coated Free Sheet Paper from the People's Republic of China (PRC): Request for a List of Surrogate Countries," dated January 22, 2007 ("Policy Memorandum"). From among these economically comparable countries, the Department has preliminarily selected India as the surrogate country for this investigation because it determined that: (1) India is a significant producer of merchandise comparable to the subject merchandise and (2) reliable Indian data for valuing

the factors of production are readily available. See memorandum regarding "Coated Free Sheet Paper from the People's Republic of China: Selection of Surrogate Country" dated May 2, 2007.

### Treating GE and Certain Other Companies as a Single Entity

Based on record evidence, the Department has preliminarily determined that GE, Gold Huasheng Paper Co., Ltd. ("GHS"), a paper producer capable of producing subject merchandise, and China Union (Macao Commercial Offshore) Company Limited ("CU"), a company that plays a role in GE's operations involving subject merchandise, are affiliated pursuant to section 771(33)(F) and (G) of the Act (affiliation by virtue of control). Moreover, the Department has preliminarily determined that it is appropriate to treat GE, GHS, and CU as a single entity for antidumping duty purposes. GE and GHS produce similar merchandise and would not require substantial retooling to restructure manufacturing priorities.<sup>2</sup> Additionally, after considering the following criteria, the Department determined that there exists a significant potential for the manipulation of price or production: (1) the level of common ownership; (2) the extent to which managerial employees or board members of one firm sit on the Board of Directors of an affiliated firm; and (3) whether the companies' operations are intertwined. See 19 CFR 351.401(f). Thus, the Department has preliminarily collapsed GE, GHS, and CU (collectively "GE"). For details regarding this decision, see memorandum regarding "Whether to Collapse Gold East Paper (Jiangsu) Co., Ltd. with Gold Huasheng Paper Co., Ltd. and China Union (Macao Commercial Offshore) Company Limited," dated concurrently with this notice.

### Separate Rates

In proceedings involving NME countries, the Department has a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty rate. It is the Department's policy to assign all exporters of merchandise subject to investigation involving an NME country this single rate unless an

exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. GE, Chenming, and Yanzhou Tianzhang provided company-specific information to demonstrate that they operate independently of *de jure* and *de facto* government control, and therefore are entitled to a separate rate.

The Department's separate-rate test is not concerned, in general, with macroeconomic/border-type controls, e.g., export licenses, quotas, and minimum export prices, particularly if these controls are imposed to prevent dumping. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from the People's Republic of China*, 63 FR 72255, 72256 (December 31, 1998). The test focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. See *Notice of Final Determination of Sales at Less than Fair Value: Certain Cut-to-Length Carbon Steel Plate From Ukraine*, 62 FR 61754, 61758 (November 19, 1997), and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 62 FR 61276, 61279 (November 17, 1997).

To establish whether a firm is sufficiently independent from government control of its export activities to be entitled to a separate rate, the Department analyzes each entity exporting the subject merchandise under a test arising from the *Notice of Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("*Sparklers*"), as further developed in *Notice of 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*"). In accordance with the separate-rates criteria, the Department assigns separate rates in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

### Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) other formal measures by the government

decentralizing control of companies. See *Sparklers*, 56 FR at 20589.

Information submitted by GE, Chenming, and Yanzhou Tianzhang indicates that there are no restrictive stipulations associated with their exporter and/or business licenses; and there are legislative enactments decentralizing control of the companies. Therefore, the Department has preliminarily found a *de jure* absence of government control over these companies' export activities. See memorandum regarding "Separate Rates" dated concurrently with this notice ("*Separate Rates Memorandum*").

### Absence of De Facto Control

Typically the Department considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices are set by, or are subject to the approval of, a governmental agency; (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 disposition of profits or financing of losses. See *Silicon Carbide*, 59 FR at 22586-87; see also *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995). The Department considers an analysis of *de facto* control to be critical in determining whether a respondent is, in fact, subject to a degree of governmental control that would preclude the Department from assigning the respondent a separate rate.

GE, Chenming, and Yanzhou Tianzhang have each provided information indicating that they: (1) set export prices independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) have autonomy from the government regarding the selection of management; and (4) retain proceeds from sales and make independent decisions regarding the disposition of profits or financing of losses. Therefore, the Department has preliminarily found a *de facto* absence of government control over these companies' export activities.

<sup>2</sup> While CU is not a producer of CFS, we note that where companies are affiliated, and there exists a significant potential for manipulation of prices and/or export decisions, the Department has found it appropriate to treat those companies as a single entity. The CIT upheld the Department's decision to include export decisions in its analysis of whether there was a significant potential for manipulation. See *Hontex Enterprises v. United States*, 248 F. Supp. 2d 1323, 1343 (CIT 2003).

Based on the foregoing,<sup>3</sup> the Department has preliminarily granted the two mandatory respondents, and Yanzhou Tianzhang, separate, company-specific dumping margins. See Separate Rates Memorandum. The Department calculated company-specific dumping margins for GE, and Chenming and assigned Yanzhou Tianzhang a dumping margin equal to the weighted-average of the dumping margins calculated for GE and Chenming.

### The PRC-Wide Entity

Although all PRC exporters of subject merchandise to the United States were given an opportunity to provide Q&V information to the Department, not all exporters responded to the Department's request for Q&V information.<sup>4</sup> Based upon our knowledge of the volume of imports of subject merchandise from the PRC, we have concluded that the companies that responded to the Q&V questionnaire do not account for all U.S. imports during the POI of subject merchandise from the PRC. We have treated the non-responsive PRC producers/exporters as part of the PRC-wide entity because they did not qualify for a separate rate.

Section 776(a)(2) of the Act provides that, if an interested party (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the antidumping statute, or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

As noted above, the PRC-wide entity withheld information requested by the Department. As a result, pursuant to section 776(a)(2)(A) of the Act, we find it appropriate to base the PRC-wide dumping margin on facts available. See *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets From the Socialist Republic of Vietnam*, 68 FR

4986 (January 31, 2003), unchanged in *Notice of Final Antidumping Duty Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000); see also "Statement of Administrative Action," accompanying the URAA, H.R. Rep. No. 103-316, 870 (1994) ("SAA"). Because the PRC-wide entity did not respond to the Department's request for information, the Department has concluded that it has failed to cooperate to the best of its ability. Therefore, the Department preliminarily finds that, in selecting from among the facts available, an adverse inference is appropriate.

Section 776(b) of the Act authorizes the Department to use, as adverse facts available ("AFA"), information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or any other information placed on the record. In selecting a rate for AFA, the Department selects one that is sufficiently adverse "as to effectuate the purpose of the facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner." See *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998). It is the Department's practice to select, as AFA, the higher of the (a) highest margin alleged in the petition, or (b) the highest calculated rate for any respondent in the investigation. See *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From the People's Republic of China*, 65 FR 34660 (May 21, 2000) and accompanying *Issues and Decision Memorandum*, at "Facts Available" section. Because the dumping margin derived from the petition is higher than the calculated weighted-average margins for the mandatory respondents, we examined whether it was appropriate to base the PRC-wide dumping margin on the secondary information in the petition.

When the Department relies on secondary information, rather than information obtained in the course of an investigation, section 776(c) of the Act requires it to, to the extent practicable, corroborate that information from independent sources reasonably at its disposal.<sup>5</sup> The SAA also states that the independent sources may include published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. See SAA at 870.

The SAA also clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value. See SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used. See *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 (November 6, 1996), unchanged in *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: Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

To corroborate the petition margin, we compared the range of control number-specific dumping margins calculated for the preliminary determination to the dumping margin alleged in the petition. Based on this comparison, we have preliminarily corroborated the 99.65 percent dumping from the petition. See memorandum regarding "Corroboration of the PRC-Wide Facts Available Rate for the Preliminary Determination in the Antidumping Duty Investigation of Coated Free Sheet Paper from the People's Republic of China," dated concurrently with this notice. This PRC-wide dumping margin applies to all entries of the merchandise under investigation except for entries of subject merchandise from GE, Chenming, and Yanzhou Tianzhang.

<sup>3</sup> Record information submitted regarding GHS and CU, companies which the Department collapsed with GE, also supports granting the collapsed entity a separate rate. See Separate Rates Memorandum.

<sup>4</sup> The Department received only four timely responses to the requests for Q&V information that it sent to the 14 potential exporters identified in the petition.

<sup>5</sup> Secondary information is described in the SAA as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 concerning the subject merchandise." See SAA at 870.

### Fair Value Comparisons

To determine whether GE or Chenming sold CFS to the United States at LTFV, we compared the weighted-average export price ("EP") or constructed export price ("CEP"), as appropriate, of the CFS to the NV of the CFS, as described in the "U.S. Price," and "NV" sections of this notice.

### U.S. Price

#### EP

In accordance with section 772(a) of the Act, we based the U.S. price for certain sales on EP because the first sale to an unaffiliated purchaser was made prior to importation, and the use of CEP was not otherwise warranted. In accordance with section 772(c) of the Act, we calculated EP by deducting, where applicable, the following expenses from the starting price (gross unit price) charged to the first unaffiliated customer in the United States: rebates, foreign movement expenses, marine insurance, international freight, and foreign and U.S. brokerage and handling expenses.

We based these movement expenses on surrogate values where a PRC company provided the service and was paid in Renminbi ("RMB"). If market-economy service providers, who were paid in a market economy currency, provided movement services for over 33 percent of subject merchandise shipments, by volume, we based the movement expenses on the actual price charged by the service provider. If market-economy service providers, who were paid in a market economy currency, provided movement services for less than 33 percent of subject merchandise shipments, by volume, we calculated the movement expenses by weight-averaging surrogate values with the actual price charged by the service provider. *See Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716 (October 19, 2006) ("Notice for Antidumping Methodologies"). For details regarding our EP calculation, see analysis memoranda for GE and Chenming dated concurrently with this notice.

#### CEP

In accordance with section 772(b) of the Act, we based the U.S. price for certain sales on CEP because these sales were made by GE's and Chenming's U.S. affiliates. In accordance with section 772(c)(2)(A) of the Act, we calculated CEP by deducting, where applicable, the following expenses from the starting price (gross unit price) charged to the

first unaffiliated customer in the United States: early payment discounts, billing adjustments, rebates, foreign movement expenses, international freight, marine insurance, and U.S. movement expenses, including brokerage and handling. Further, in accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), where appropriate, we deducted from the starting price the following selling expenses associated with economic activities occurring in the United States: credit expenses, warranty expenses, other direct selling expenses, and indirect selling expenses. In addition, pursuant to section 772(3) of the Act, we made an adjustment to the starting price for CEP profit. We based movement expenses on either surrogate values, actual expenses, or an average of the two as explained above in the "EP" section of this notice.

#### NV

In accordance with section 773(c) of the Act, we constructed NV from the factors of production employed by the respondents to manufacture subject merchandise during the POI. Specifically, we calculated NV by adding together the value of the factors of production, general expenses, profit, and packing costs. We valued the factors of production using prices and financial statements from the surrogate country, India, or, where appropriate, the market economy prices paid for the factor (*see* further discussion below). In selecting surrogate values, we followed, to the extent practicable, the Department's practice of choosing values which are non-export average values, contemporaneous with, or closest in time to, the POI, product-specific, and tax-exclusive. *See e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004) ("Shrimp from Vietnam"). We also considered the quality of the source of surrogate information in selecting surrogate values.

We valued material inputs and packing by multiplying the amount of the factor consumed in producing subject merchandise by the average unit value of the factor. We derived the average unit value of the factor from Indian import statistics. In addition, we

added freight costs to the surrogate costs that we calculated for material inputs. We calculated freight costs by multiplying surrogate freight rates by the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest seaport to the factory that produced the subject merchandise, as 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, 1407-1408 (Fed. Cir. 1997). Where we could only obtain surrogate values that were not contemporaneous with the POI, we inflated (or deflated) the surrogate values using, where appropriate, the Indian Wholesale Price Index ("WPI") as published in the International Financial Statistics of the International Monetary Fund.

Further, in calculating surrogate values from Indian imports, we disregarded imports from Indonesia, South Korea, and Thailand because, in other proceedings, the Department found that these countries maintain broadly available, non-industry-specific export subsidies. Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized. *See Notice of Amended Final Determination of Sales at Less Than Fair Value: Certain Automotive Replacement Glass Windshields from the People's Republic of China*, 67 FR 11670 (March 15, 2002); *see also Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 69 FR 20594 (April 16, 2004).<sup>6</sup> Therefore, we have not used prices from these countries either in calculating the Indian import-based surrogate values or in calculating market-economy input values. In instances where a market-economy input was obtained solely from suppliers located in these countries, we used Indian import-based surrogate values to value the input. *See Final Determination of Sales at Less Than Fair Value: Certain Automotive Replacement Glass Windshields From The People's Republic of China*, 67 FR 6482 (February 12, 2002), and accompanying *Issues and Decision Memorandum* at Comment 1.

<sup>6</sup> We note that legislative history directs the Department not to conduct a formal investigation to ensure that such prices are not subsidized. *See* H.R. Rep. 100-576 at 590 (1988). Rather, Congress directed the Department to base its decision on information that is available to it at the time it makes its determination.

During the POI, GE and Chenming purchased all or a portion of certain inputs from a market economy supplier and paid for the inputs in a market economy currency. The Department has instituted a rebuttable presumption that market economy input prices are the best available information for valuing an input when the total volume of the input purchased from all market economy sources during the period of investigation or review exceeds 33 percent of the total volume of the input purchased from all sources during the period.<sup>7</sup> In these cases, unless case-specific facts provide adequate grounds to rebut the Department's presumption, the Department will use the weighted-average market economy purchase price to value the input. Alternatively, when the volume of an NME firm's purchases of an input from market economy suppliers during the period is below 33 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the prices, the Department will weight-average the weighted-average market economy purchase price with an appropriate surrogate value according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption. When a firm has made market economy input purchases that may have been dumped or subsidized, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, the Department will exclude them from the numerator of the ratio to ensure a fair determination of whether valid market economy purchases meet the 33 percent threshold. See *Notice for Antidumping Methodologies*. Accordingly, we valued GE's and Chenming's inputs using the market economy prices paid for the inputs where the total volume of the input purchased from all market economy sources during the POI exceeded 33 percent of the total volume of the input purchased from all sources during that period. Alternatively, when the volume of GE's or Chenming's purchases of an input from market economy suppliers during the POI was below 33 percent of the company's total

<sup>7</sup>Notwithstanding the determination the Department reached in *Shrimp from Vietnam*, at Comment 8, the Department will examine if and when the inputs were used in the production process when case-specific conditions demand it. Unless there are case-specific reasons to examine other criteria, the Department will base its decision on whether to accept market economy input purchases to value the input on the relative share of market economy purchases during the period of investigation or review to total purchases during that period.

volume of purchases of the input during the POI, we weight-averaged the weighted-average market economy purchase price with an appropriate surrogate value according to their respective shares of the total volume of purchases, as appropriate. Where appropriate, we increased the market economy prices of inputs by freight and brokerage and handling expenses. See GE's Factor Value Memorandum and Chenming's Factor Value Memorandum.

We valued raw materials and packing materials using Indian Import Statistics, except as noted below.

We valued diesel fuel and purchased electricity using rates from *Key World Energy Statistics 2005*, and *Key World Energy Statistics 2003*, respectively, published by the International Energy Agency. Because these data were not contemporaneous with the POI, we inflated the values using the WPI. See Factor Value Memoranda.

We valued natural gas using a value obtained from the Gas Authority of India Ltd.'s website, a supplier of natural gas in India. See <http://www.gailonline.com/gailnewsite/index.html>. The value relates to the period January through June 2002. Therefore, we inflated the value using the appropriate WPI inflator. In addition, we added transportation charges to the value. See *Surrogate Value Memorandum and Polyvinyl Alcohol From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 27991 (May 15, 2006), and accompanying *Issues and Decision Memorandum* at Comment 2.

Consistent with 19 CFR 351.408(c)(3), we valued direct, indirect, and packing labor, using the most recently calculated regression-based wage rate, which relies on 2004 data. This wage rate can currently be found on the Department's website on Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in January 2007, <http://ia.ita.doc.gov/wages/index.html>. The source of these wage-rate data on the 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 GE and Chenming. See Factor Value Memoranda.

We valued water using data from the Maharashtra Industrial Development Corporation ([www.midcindia.org](http://www.midcindia.org)) since it includes a wide range of industrial water tariffs. This source provides 386

industrial water rates within the Maharashtra province from June 2003: 193 for the "inside industrial areas" usage category and 193 for the "outside industrial areas" usage category. Because the value was not contemporaneous with the POI, we inflated the rate using the WPI. See Factor Value Memoranda.

We valued truck freight expenses using a per kilometer per kilogram average rate from data obtained from the web site of an Indian transportation company, InFreight Technologies India Limited. See <http://www.infreight.com/>. This average rate was used by the Department in the antidumping duty administrative review of *Saccharin from the People's Republic of China; Preliminary Results of the 2005-2006 Antidumping Duty Administrative Review*, 72 FR 25247 (May 4, 2007). Because this value is not contemporaneous with the POI, we inflated the rate using the WPI. See Factor Value Memoranda.

We used two sources to calculate the surrogate value for domestic brokerage and handling expenses. We averaged publicly available brokerage and handling data reported by Essar Steel in the antidumping duty administrative review of hot-rolled carbon steel flat products from India with publicly available brokerage and handling data reported by Agro Dutch Industries Limited ("Agro Dutch") in the antidumping duty administrative review of certain preserved mushrooms from India. See *Certain Hot-Rolled Carbon Steel Flat Products From India: Preliminary Results of Antidumping Duty Administrative Review*, 71 FR 2018, 2022 (January 12, 2006) (Essar Steel's February 28, 2005, submission); see also *Certain Preserved Mushrooms From India: Final Results of Antidumping Duty Administrative Review*, 70 FR 37757 (June 30, 2005) (Agro Dutch's May 24, 2005, submission). See Factor Value Memoranda.

We valued marine insurance using a price quote from <http://www.rjgconsultants.com/insurance.html>, a market-economy provider of marine insurance. See GE's Factor Value Memorandum.

We valued factory overhead, selling, general, and administrative (SG&A) expenses, and profit, using the audited financial statements from the following Indian companies: Seshasayee Paper and Boards Ltd., JK Paper, Ltd., and Ballarpur Industries Ltd.. See Factor Value Memoranda. We selected the above-referenced financial statements from among the financial statements placed on the record by interested

parties because these companies produce subject merchandise and, like the respondents, do so by producing wood free paper and coating it.

Because the financial statements that we are using as surrogates do not separately report manufacturing and non-manufacturing labor costs, the petitioner proposes allocating the line item for labor costs on these financial statements between manufacturing labor costs and SG&A labor costs. Specifically, the petitioner suggests allocating the line item for labor costs using data from an annual survey of the Indian paper and paper products industry which identifies wages paid to all employees and wages paid to workers (defined as persons employed in any manufacturing process).

Generally, the Department does not adjust the data used to calculate financial ratios because it is concerned that such adjustments may introduce unintended distortions into the data. See *Final Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People's Republic of China*, 69 FR 67313 (November 17, 2004) and accompanying *Issues and Decision Memorandum* at Comment 12. Thus, for the preliminary determination, we have not adjusted labor costs in the surrogate financial statements. Nevertheless, the Department intends to revisit this issue for the final determination.

In accordance with 19 CFR 351.301(c)(3)(i), interested parties may submit publicly available information with which to value factors of production in the final determination within 40 days after the date of publication of the preliminary determination.

**Currency Conversion**

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

**Verification**

As provided in section 782(i)(1) of the Act, we intend to verify the information upon which we will rely in making our final determination.

**Combination Rates**

In the *Initiation Notice*, the Department stated that it would calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. See *Initiation Notice*. This change in practice is described in *Policy Bulletin*

05.1, available at [http://ia.ita.doc.gov/Policy Bulletin 05.1](http://ia.ita.doc.gov/PolicyBulletin05.1), states:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See *Policy Bulletin 05.1*, "Separate Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries."

**Preliminary Determination**

The weighted-average dumping margins are as follows:

Exporter & Producer	Weighted-Average Margin
GE's Collapsed Entity: ..... (Gold East Paper (Jiangsu) Co. Ltd.-Gold Hua Sheng Paper (Suzhou Industry Park) Co. Ltd.-China Union (Macao Commercial Offshore) Company Ltd.) .....	23.19 %
Shandong Chenming Paper Holdings Ltd. ....	48.07 %
Yanzhou Tianzhang Paper Industry Co. Ltd. ....	30.22 %
PRC-Wide Rate .....	99.65 %

**Disclosure**

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

**Suspension of Liquidation**

In accordance with section 733(d) of the Act, we will instruct U.S. Customs

and Border Protection ("CBP") to suspend liquidation of all entries of CFS from the PRC as described in the "Scope of the Investigation" section, entered, or withdrawn from warehouse, for consumption from GE's collapsed entity (*i.e.*, GE, GHS, and CU), Chenming, Yanzhou Tianzhang, and the PRC-wide entity on or after the date of publication of this notice in the **Federal Register**. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds U.S. price, as indicated above. The suspension of liquidation will remain in effect until further notice.

**International Trade Commission Notification**

In accordance with section 733(f) of the Act, we have notified the ITC of our preliminary affirmative determination of sales at LTFV. Section 735(b)(2) of the Act requires the ITC to make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of CFS, or sales (or the likelihood of sales) for importation, of the subject merchandise within 45 days of our final determination.

**Public Comment**

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than seven days after the date the final verification report is issued in this proceeding and rebuttal briefs, limited to issues raised in case briefs, no later than five days after the deadline for submitting case briefs. A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes.

In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we intend to hold the hearing three days after the deadline of submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Ave, NW, Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department



of Commerce, Room 1870, within 30 days after the date of publication of this notice. See 19 CFR 351.310(c). Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

#### Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2) of the Act, on May 11, 2007, GE requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days. At the same time, GE requested that the Department extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a 4-month period to a 6-month period. In accordance with section 733(d) of the Act and 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: May 29, 2007.

**David M. Spooner,**  
Assistant Secretary for Import  
Administration.

[FR Doc. E7-10705 Filed 6-1-07; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-580-856]

#### Coated Free Sheet Paper from the Republic of Korea: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

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

**SUMMARY:** The U.S. Department of Commerce ("the Department") preliminarily determines that coated free sheet paper ("CFS paper") from the

Republic of Korea ("Korea") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733(b) of the Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at LTFV are listed in the "Suspension of Liquidation" section of this notice. Interested parties are invited to comment on this preliminary determination. Pursuant to requests from interested parties, we are postponing for 60 days the final determination and extending the provisional measure from a four-month period to not more than six months. Accordingly, we will make our final determination not later than 135 days after publication of the preliminary determination.

**EFFECTIVE DATE:** June 4, 2007.

#### FOR FURTHER INFORMATION CONTACT:

Brian Ledgerwood (Kyesung Paper Co., Ltd.), Dennis McClure (EN Paper Mfg. Co., Ltd.), Stephanie Moore (Moorim Paper Co., Ltd. and Moorim SP Co., Ltd.), or Joy Zhang (Hankuk Paper Mfg. Co., Ltd. and Hansol Paper Co., Ltd.), AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-3836, (202) 482-5973, (202) 482-3692, or (202) 482-1168, respectively.

#### SUPPLEMENTARY INFORMATION:

##### Background

On November 27, 2006, the Department initiated an antidumping duty investigation of CFS from Korea. See *Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper From Indonesia, the People's Republic of China, and the Republic of Korea*, 71 FR 68537 (November 27, 2006) ("*Initiation Notice*"). The petitioner in this investigation is NewPage Corporation.

The Department set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice*. See *Initiation Notice*, 71 FR at 68538; see also *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). On January 12, 2007, the Indonesian Respondents submitted scope comments. See *Scope Comments* section, below.

On December 11, 2006, the petitioner submitted comments on model-matching criteria. On December 18, 2006, respondents Hansol Paper Co., Ltd. ("Hansol"), Moorim Paper Co., Ltd.

and Moorim SP Co., Ltd. ("Moorim") (formerly Shinmoorim Paper Mfg. Co., Ltd.), and EN Paper Mfg. Co., Ltd. ("EN Paper") (formerly Shinho Paper Co., Ltd.) submitted comments on model-matching criteria. On February 15, 2007, Hansol submitted additional comments on model-matching criteria. See *Model Match* section, below.

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. The Department identified a large number of producers and exporters of CFS paper in Korea and determined that it was not practicable to examine each known exporter/producer of the subject merchandise, as provided in section 777A(c)(1) of the Act. Thus, we selected to investigate EN Paper, Moorim, and Hansol. These three exporters/producers accounted for the largest volume of subject merchandise exported to the United States during the period of investigation ("POI"). See section 777A(c)(2)(i)(B) of the Act; See Memorandum from the Team, through Office Director Melissa Skinner, to Deputy Assistant Secretary Stephen J. Claeys, entitled "Regarding Selection of Respondents," dated December 21, 2006. We subsequently issued the antidumping questionnaire<sup>1</sup> to these companies on December 22, 2006.

On December 22, 2006, the United States International Trade Commission ("ITC") preliminarily determined that there is a reasonable indication that imports of CFS paper from China, Indonesia and Korea are materially injuring the U.S. industry and the ITC notified the Department of its findings. See *Coated Free Sheet Paper from China, Indonesia, and Korea, Investigation Nos. 701-TA-444-446 (Preliminary) and 731-TA-1107-1109 (Preliminary)*, 71 FR 78464 (December 29, 2006).

On December 28, 2006, counsel to petitioner met with the Department to discuss the Department's December 21, 2006, respondent selection memorandum and petitioner's December 22, 2006, submission requesting the Department to select an

<sup>1</sup> Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales or, if the home market is not viable, of sales in the most appropriate third-country market. Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production of the foreign like product and the constructed value of the merchandise under investigation. Section E requests information on further manufacturing.