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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-427-801, A-428-801, A-475-801, A-588-804, A-559-801, A-412-801]

**Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Preliminary Results of Antidumping Duty Administrative Reviews and Intent to Rescind Review in Part**

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

**SUMMARY:** In response to requests from interested parties, the Department of Commerce (the Department) is conducting administrative reviews of the antidumping duty orders on ball bearings and parts thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom. The merchandise covered by these orders are ball bearings and parts thereof (ball bearings) from France, Germany, Italy, Japan, Singapore, and the United Kingdom. The reviews cover 21 manufacturers/exporters. The period of review is May 1, 2005, through April 30, 2006.

We have preliminarily determined that sales have been made below normal value by various companies subject to these reviews. If these preliminary results are adopted in our final results of administrative reviews, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries.

We invite interested parties to comment on these preliminary results. Parties who submit comments in these reviews are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument.

**EFFECTIVE DATE:** June 6, 2007.

**FOR FURTHER INFORMATION CONTACT:** Yang Jin Chun or Richard Rimlinger, AD/CVD Operations, Office 5, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5760 and (202) 482-4477, respectively.

**SUPPLEMENTARY INFORMATION:**

**Background**

On May 15, 1989, the Department published in the **Federal Register** (54 FR 20900-10) the antidumping duty orders on ball bearings from France, Germany, Italy, Japan, Singapore, and the United Kingdom. On July 3, 2006, in accordance with 19 CFR 351.213(b), we published a notice of initiation of administrative reviews of these orders (71 FR 37892). On October 16, 2006, we announced the rescission of the reviews with respect to certain firms for which we received timely withdrawals of the requests to review these firms (71 FR 60688). On January 18, 2007, we extended the due date for the completion of these preliminary results of reviews from January 31, 2007, to March 19, 2007 (72 FR 2261). On March 23, 2007, we extended the due date for the completion of these preliminary results from March 19, 2007, to April 2, 2007 (72 FR 13743). On April 5, 2007, we extended the due date for the completion of these preliminary results from April 2, 2007, to May 31, 2007 (72 FR 16764).

On August 28, 2006, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act), the International Trade Commission determined that revocation of the antidumping duty order on ball bearings from Singapore would not be likely to lead to continuation or recurrence of material injury. See *Certain Bearings from China, et al.: Investigation Nos. 731-TA-344, et al. (Second Review)* (USITC Publication 3876, August 28, 2006). As a result of this determination, the Department revoked the antidumping duty order on ball bearings from Singapore, effective as of July 11, 2005. See *Antifriction Bearings and Parts Thereof from France and Singapore: Revocation of Antidumping Duty Orders*, 71 FR 54468 (September 15, 2006). Therefore, the period covered by the administrative review of the order on ball bearings from Singapore is May 1, 2005, through July 10, 2005. For the remaining orders subject to these administrative reviews, the period of review covered is May 1, 2005, through April 30, 2006. The Department is conducting these administrative reviews in accordance with section 751 of the Act.

The list of companies for which we are currently conducting administrative reviews of the antidumping duty orders on ball bearings are as follows:

France:

- \* SKF France S.A. or SFK Aerospace France S.A. (SKF France)
- \* SNR Roulements or SNR Europe (SNR)

Germany:

- \* Gebrüder Reinfurt GmbH & Co., KG (GRW)
  - \* Schaeffler KG (formerly known as INA-Schaeffler KG; INA Vermögensverwaltungsgesellschaft GmbH; INA Holding Schaeffler KG; FAG Kugelfischer Georg-Schaefer AG; FAG Automobiltechnik AG; FAG OEM und Handel AG; FAG Komponenten AG; FAG Aircraft/Super Precision Bearings GmbH; FAG Industrial Bearings AG; FAG Sales Europe GmbH; FAG International Sales and Service GmbH (collectively INA/FAG)) (Schaeffler Germany)
  - \* SKF GmbH (SKF Germany)
- Italy:
- \* Schaeffler Italia S.r.l. (formerly known as FAG Italia S.p.A.; FAG Automobiltechnik AG; FAG OEM und Handel AG (collectively FAG Italy)) (Schaeffler Italy)
  - \* SKF Industrie S.p.A.; SKF RIV-SKF Officine di Villas Perosa S.p.A.; RFT S.p.A.; OMVP S.p.A. (collectively SKF Italy)

Japan:

- \* Aisin Seiki Co., Ltd. (Aisin Seiki)
- \* Asahi Seiko Co., Ltd. (Asahi Seiko)
- \* Canon Inc. (Canon)
- \* JTEKT Corporation (formerly known as Koyo Seiko Co., Ltd.) (JTEKT)
- \* Mori Seiki Co., Ltd. (Mori Seiki)
- \* Nachi-Fujikoshi Corporation (Nachi)
- \* Nankai Seiko Co., Ltd. (Nankai Seiko)
- \* Nippon Pillow Block Co., Ltd. (NPB)
- \* NSK Ltd. (NSK)
- \* NTN Corporation (NTN)
- \* Osaka Pump Co., Ltd. (Osaka Pump)
- \* Sapporo Precision Inc. (Sapporo)
- \* KYK Corporation Ltd. (formerly known as Tottori Yamakai Bearing Seisakusho, Ltd.) (KYK)

Singapore:

- \* NMB Singapore Ltd. and Pelmecc Industries (Pte.) Ltd. (NMB/Pelmecc)

United Kingdom:

- \* The Barden Corporation (UK) Limited; Schaeffler (UK) Ltd. (formerly known as the Barden Corporation (UK) Ltd.; FAG (UK) Ltd. (collectively Barden/FAG)) (collectively Barden/Schaeffler UK)

**Intent to Rescind Review in Part**

In a September 18, 2006, submission, KYK stated that its predecessor-in-interest, Tottori Yamakai Bearing Seisakusho Ltd., used the trade name "KYK" and produced finished bearings in Japan from 1952 until it went bankrupt in 2000. KYK stated that, since emerging from bankruptcy in 2002, it has not resumed production operations in Japan and that all of the subject merchandise that KYK sold during the

period of review was of Chinese origin. We have received no comments on this submission. Because we preliminarily find that KYK had no shipments of subject merchandise during the period of review, we intend to rescind the administrative review with respect to this company. If we continue to find that KYK had no shipments of Japanese-made ball bearings at the time of our final results of administrative review, we will rescind our review for KYK.

#### Scope of Orders

The products covered by the orders are ball bearings (other than tapered roller bearings) and parts thereof. These products include all antifriction bearings that employ balls as the rolling element. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts, ball bearings (including radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof.

Imports of these products are classified under the following *Harmonized Tariff Schedules* (HTS) subheadings: 3926.90.45, 4016.93.10, 4016.93.50, 6909.19.5010, 8431.20.00, 8431.39.0010, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.35, 8482.99.2580, 8482.99.6595, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.93.30, 8708.93.6000, 8708.99.06, 8708.99.3100, 8708.99.4000, 8708.99.4960, 8708.99.58, 8708.99.8015, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

As a result of recent changes to the HTS, effective February 2, 2007, the subject merchandise is also classifiable under the following additional HTS item numbers: 8708.30.50.90, 8708.40.75.00, 8708.50.79.00, 8708.50.8900, 8708.50.91.50, 8708.50.99.00, 8708.70.6060, 8708.80.65.90, 8708.93.75.00, 8708.94.75, 8708.95.20.00, 8708.99.55.00, 8708.99.68, 8708.99.81.80.

Although the HTS item numbers above are provided for convenience and customs purposes, the written descriptions of the scope of these orders remain dispositive.

The size or precision grade of a bearing does not influence whether the bearing is covered by one of the orders. These orders cover all the subject bearings and parts thereof (inner race, outer race, cage, rollers, balls, seals, shields, etc.) outlined above with

certain limitations. With regard to finished parts, all such parts are included in the scope of the these orders. For unfinished parts, such parts are included if they have been heat-treated or heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by these orders are those that will be subject to heat treatment after importation. The ultimate application of a bearing also does not influence whether the bearing is covered by the orders. Bearings designed for highly specialized applications are not excluded. Any of the subject bearings, regardless of whether they may ultimately be utilized in aircraft, automobiles, or other equipment, are within the scope of these orders.

For a listing of scope determinations which pertain to the orders, see the Scope Determination Memorandum from the Antifriction Bearings Team to Laurie Parkhill, dated May 29, 2007, which is on file in the Central Records Unit (CRU) of the main Commerce building, room B-099, in the General Issues record (A-100-001) for the 2005-2006 reviews.

#### Verification

As provided in section 782(i) of the Act, we have verified information provided by certain respondents using standard verification procedures, including on-site inspection of the manufacturers' facilities, the examination of relevant sales and financial records, and the selection of original documentation containing relevant information. Specifically, we conducted verifications of Aisin Seiki, Mori Seiki, Schaeffler Germany, and SKF Italy. Our verification results are outlined in the public versions of the verification reports, which are on file in the CRU, room B-099.

#### Export Price and Constructed Export Price

For the price to the United States, we used export price (EP) or constructed export price (CEP) as defined in sections 772(a) and (b) of the Act, as appropriate. Due to the extremely large volume of U.S. transactions that occurred during the period of review and the resulting administrative burden involved in calculating individual margins for all of these transactions, we sampled CEP sales in accordance with section 777A(c)(2) of the Act. When a firm made more than 10,000 CEP sales transactions to the United States of merchandise subject to a particular order, we reviewed CEP sales that occurred during sample weeks. We selected one week from each two-month period in the

review period, for a total of six weeks, and analyzed each transaction made in those six weeks. The sample weeks are as follows: May 29, 2005 - June 4, 2005; July 17, 2005 - July 23, 2005; October 23, 2005 - October 29, 2005; November 27, 2005 - December 3, 2005; January 8, 2006 - January 14, 2006; March 19, 2006 - March 25, 2006. We reviewed all EP sales transactions the respondents made during the period of review.

We calculated EP and CEP based on the packed F.O.B., C.I.F., or delivered price to unaffiliated purchasers in, or for exportation to, the United States. We made deductions, as appropriate, for discounts and rebates. We also made deductions for any movement expenses in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act and the Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act (URAA), H. Doc. No. 103-316 at 823-824, we calculated the CEP by deducting selling expenses associated with economic activities occurring in the United States, which includes commissions, direct selling expenses, and U.S. repacking expenses. In accordance with section 772(d)(1) of the Act, we also deducted those indirect selling expenses associated with economic activities occurring in the United States and the profit allocated to expenses deducted under section 772(d)(1) in accordance with sections 772(d)(3) and 772(f) of the Act. In accordance with section 772(f) of the Act, we computed profit based on the total revenues realized on sales in both the U.S. and home markets, less all expenses associated with those sales. We then allocated profit to expenses incurred with respect to U.S. economic activity based on the ratio of total U.S. expenses to total expenses for both the U.S. and home markets. When appropriate, in accordance with section 772(d)(2) of the Act, we also deducted the cost of any further manufacture or assembly except where we applied the special rule provided in section 772(e) of the Act. Finally, we made an adjustment for profit allocated to these expenses in accordance with section 772(d)(3) of the Act.

With respect to subject merchandise to which value was added in the United States prior to sale to unaffiliated U.S. customers, e.g., parts of bearings that were imported by U.S. affiliates of foreign exporters and then further processed into other products which were then sold to unaffiliated parties, we determined that the special rule for merchandise with value added after importation under section 772(e) of the

Act applied to all firms that added value in the United States except Aisin Seiki, Asahi Seiko, and NPB.

Section 772(e) of the Act provides that, when the subject merchandise is imported by an affiliated person and the value added in the United States by the affiliated person is likely to exceed substantially the value of the subject merchandise, we shall determine the CEP for such merchandise using the price of identical or other subject merchandise sold by the exporter or producer to an unaffiliated customer if there is a sufficient quantity of sales to provide a reasonable basis for comparison and we determine that the use of such sales is appropriate. If there is not a sufficient quantity of such sales or if we determine that using the price of identical or other subject merchandise is not appropriate, we may use any other reasonable basis to determine the CEP.

To determine whether the value added is likely to exceed substantially the value of the subject merchandise, we estimated the value added based on the difference between the averages of the prices charged to the first unaffiliated purchaser for the merchandise as sold in the United States and the averages of the prices paid for the subject merchandise by the affiliated purchaser. Based on this analysis, we determined that the estimated value added in the United States by all further-manufacturing firms accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States, except as discussed below. See 19 CFR 351.402(c) for an explanation of our practice on this issue. Therefore, we preliminarily determine that for these firms the value added is likely to exceed substantially the value of the subject merchandise. Also, for these firms, we determine that there was a sufficient quantity of sales remaining to provide a reasonable basis for comparison and that the use of these sales is appropriate. See the analysis memoranda for Canon, Barden/Schaeffler UK, JTEKT, Mori Seiki, Nachi, NSK, NTN, Sapporo, Schaeffler Germany, Schaeffler Italy, SKF France, SKF Germany, SKF Italy, and SNR dated May 29, 2007. Accordingly, for purposes of determining dumping margins for the sales subject to the special rule, we have used the weighted-average dumping margins calculated on sales of identical or other subject merchandise sold to unaffiliated persons.

For Asahi Seiko and NPB, we determined that the special rule did not apply because the value added in the United States did not exceed

substantially the value of the subject merchandise. For Aisin Seiki, we determined that the special rule did not apply because, even though the value added in the United States exceeded substantially the value of the subject merchandise, the remaining non-further-manufactured sales were not of a sufficient quantity to provide a reasonable basis for comparison.

Consequently, these firms submitted complete responses to our further-manufacturing questionnaire which included the costs of the further processing performed by their U.S. affiliates. Because the majority of their products sold in the United States were further processed, we analyzed all sales.

For NTN, we removed all zero-priced transactions from our analysis and there was no other record evidence indicating that NTN received consideration for these transactions although we did include the so-called "sample" sales where NTN did receive compensation. In addition, based on NTN's response to our supplemental questionnaire, we calculated a direct selling expense for NTN's EP sales, attributable to the provision of technical support and other selling-support functions to NTN's EP customer by NTN's U.S. affiliate. Furthermore, we accounted for NTN's re-calculation of its re-packing expense with respect to its reported CEP sales to capture differences in expenses associated with packing materials, packing labor, and packing labor overhead inherent in packing requirements with respect to different customer categories.

In addition, we revised NTN's calculation of inventory carrying costs incurred in Japan for NTN's EP and CEP sales by applying the factor NTN calculated for inventory carrying costs to the total cost of manufacture value it reported for each bearing model.

#### Home-Market Sales

Based on a comparison of the aggregate quantity of home-market and U.S. sales and absent any information that a particular market situation in the exporting country did not permit a proper comparison, we determined that the quantity of foreign like product sold by all respondents in the exporting country was sufficient to permit a proper comparison with the sales of the subject merchandise to the United States, pursuant to section 773(a)(1) of the Act. With the exception of Aisin Seiki, each company's quantity of sales in its home market was greater than five percent of its sales to the U.S. market. Therefore, in accordance with section 773(a)(1)(B)(i) of the Act, with the exception of Aisin Seiki, we based

normal value on the prices at which the foreign like product was first sold for consumption in the exporting country in the usual commercial quantities and in the ordinary course of trade and, to the extent practicable, at the same level of trade as the EP or CEP sales. Aisin Seiki did not make sales to any other market so we based normal value on constructed value (CV).

Due to the extremely large number of home-market transactions that occurred during the period of review and the resulting administrative burden involved in examining all of these transactions, we sampled sales to calculate normal value in accordance with section 777A of the Act. When a firm had more than 10,000 home-market sales transactions on a country-specific basis, we used sales in sample months that corresponded to the sample weeks which we selected for U.S. CEP sales, sales in a month prior to the period of review, and sales in the month following the period of review. The sample months were February, June, July, October, and November 2005 and January, March, and May 2006.

The Department may calculate normal value based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the exporter or producer, *i.e.*, sales at arm's-length prices. See 19 CFR 351.403(c). We excluded sales to affiliated customers for consumption in the home market that we determined not to be at arm's-length prices from our analysis. To test whether these sales were made at arm's-length prices, we compared the prices of sales of comparable merchandise to affiliated and unaffiliated customers, net of all rebates, movement charges, direct selling expenses, and packing. Pursuant to 19 CFR 351.403(c) and in accordance with our practice, when the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise comparable to that sold to the affiliated party, we determined that the sales to the affiliated party were at arm's-length prices. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002). We included in our calculation of normal value those sales to affiliated parties that were made at arm's-length prices.

#### Cost of Production

In accordance with section 773(b) of the Act, we disregarded below-cost sales in the 2004-2005 reviews with respect to ball bearings sold by Asahi

Seiko, Barden/FAG, FAG Italy, GRW, JTEKT, Nachi, NPB, NSK, NTN, Schaeffler Germany, SKF France, SKF Germany, SKF Italy, and SNR and in the 2003–2004 reviews with respect to ball bearings sold by Nankai Seiko, NMB/Pelmec, and Osaka Pump. See *Ball Bearings and Parts Thereof from France, et al.: Final Results of Antidumping Duty Administrative Reviews*, 71 FR 40064, 40065–66 (July 14, 2006) (*AFBs 16*), and *Antifriction Bearings and Parts Thereof from France, et al.: Final Results of Antidumping Duty Administrative Reviews*, 70 FR 54711, 54712 (September 16, 2005) (*AFBs 15*). These represent reviews for the last completed segments for the firms indicated above. Therefore, we have reasonable grounds to believe or suspect that sales of the foreign like product under consideration for the determination of normal value in these reviews may have been made at prices below the cost of production (COP) as provided by section 773(b)(2)(A)(ii) of the Act. Pursuant to section 773(b)(1) of the Act, we conducted COP investigations of sales by these firms in the home market.

In accordance with section 773(b)(3) of the Act, we calculated the COP based on the sum of the costs of materials and fabrication employed in producing the foreign like product, the selling, general, and administrative (SG&A) expenses, and all costs and expenses incidental to packing the merchandise. In our COP analysis, we used the home–market sales and COP information provided by each respondent in its questionnaire responses.

After calculating the COP, in accordance with section 773(b)(1) of the Act, we tested whether home–market sales of the foreign like product were made at prices below the COP within an extended period of time in substantial quantities and whether such prices permitted the recovery of all costs within a reasonable period of time. We compared model–specific COPs to the reported home–market prices less any applicable movement charges, discounts, and rebates.

Pursuant to section 773(b)(2)(C) of the Act, when less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below–cost sales of that product because the below–cost sales were not made in substantial quantities within an extended period of time. When 20 percent or more of a respondent's sales of a given product during the period of review were at prices less than the COP, we disregarded the below–cost sales because they were made in substantial

quantities within an extended period of time pursuant to sections 773(b)(2)(B) and (C) of the Act and because, based on comparisons of prices to weighted–average COPs for the period of review, we determined that these sales were at prices which would not permit recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act. See the analysis memoranda for Asahi Seiko, Barden/Schaeffler UK, GRW, JTEKT, Nachi, Nankai Seiko, NMB/Pelmec, NPB, NSK, NTN, Osaka Pump, Schaeffler Germany, Schaeffler Italy, SKF France, SKF Germany, SKF Italy, and SNR dated May 29, 2007. Based on this test, we disregarded below–cost sales with respect to all of the above–mentioned companies.

We received allegations from Timken US Corporation (Timken), the petitioner, that Aisin Seiki, Canon, and Mori Seiki sold ball bearings in the home market at prices below the COP. Timken requested that the Department initiate a cost investigation of these three respondents' home–market sales of ball bearings. We found that Timken's COP allegations did not provide reasonable bases upon which to initiate the COP investigations of these three respondents. Therefore, we declined to initiate the COP investigations of these three respondents. See the Memoranda to Laurie Parkhill concerning Timken's COP allegations on Aisin Seiki, Canon, and Mori Seiki dated January 10, 2007, January 11, 2007, and January 24, 2007, respectively.

#### Model–Match Methodology

For all respondents except Aisin Seiki, we compared U.S. sales with sales of the foreign like product in the home market. Specifically, in making our comparisons, we used the following methodology. If an identical home–market model was reported, we made comparisons to weighted–average home–market prices that were based on all sales which passed the COP test of the identical product during the relevant month. We calculated the weighted–average home–market prices on a level of trade–specific basis. If there were no contemporaneous sales of an identical model, we identified the most similar home–market model. To determine the most similar model, we limited our examination to models sold in the home market that had the same bearing design, load direction, number of rows, and precision grade. Next, we calculated the sum of the deviations (expressed as a percentage of the value of the U.S. characteristics) of the inner diameter, outer diameter, width, and load rating for each potential home–

market match and selected the bearing with the smallest sum of the deviations. If two or more bearings had the same sum of the deviations, we selected the model that was sold at the same level of trade as the U.S. sale and was the closest contemporaneous sale to the U.S. sale. If two or more models were sold at the same level of trade and were sold equally contemporaneously, we selected the model that had the smallest difference–in–merchandise adjustment. Finally, if no bearing sold in the home market had a sum of the deviations that was less than 40 percent, we concluded that no appropriate comparison existed in the home market and we used the CV of the U.S. model as normal value. For a full discussion of the model–match methodology for these reviews, see *AFBs 15* at Comments 2, 3, 4, and 5 and *Antifriction Bearings and Parts Thereof from France, et al.: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Reviews*, 70 FR 25538, 25542 (May 13, 2005).

#### Normal Value

Home–market prices were based on the packed, ex–factory, or delivered prices to affiliated or unaffiliated purchasers. When applicable, we made adjustments for differences in packing and for movement expenses in accordance with sections 773(a)(6)(A) and (B) of the Act. We also made adjustments for differences in cost attributable to differences in physical characteristics of the merchandise pursuant to section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411 and for differences in circumstances of sale in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. For comparisons to EP, we made circumstance–of–sale adjustments by deducting home–market direct selling expenses from and adding U.S. direct selling expenses to normal value. For comparisons to CEP, we made circumstance–of–sale adjustments by deducting home–market direct selling expenses from normal value. We also made adjustments, when applicable, for home–market indirect selling expenses to offset U.S. commissions in EP and CEP calculations.

For NTN's sales of samples in the home market, we have determined that these sales were made outside the ordinary course of trade and have excluded them from our calculation of normal value. We did not accept NTN's claim for an elimination of so–called high–profit sales in the home market from the calculation of normal value because NTN did not demonstrate that these sales were made outside the ordinary course of trade. Furthermore,

we accounted for NTN's re-calculation of its packing expense for reported home-market sales to capture differences in expenses associated with packing materials inherent in packing requirements with respect to different customer categories.

In addition, we revised NTN's calculation of inventory carrying costs incurred in the home market for its home-market sales by applying the factor for inventory carrying costs it calculated to the total cost of manufacture value it reported for each bearing model.

For JTEKT, consistent with *Antifriction Bearings and Parts Thereof From France, et al.: Final Results of Antidumping Duty Administrative Reviews, Rescission of Administrative Reviews in Part, and Determination To Revoke Order in Part*, 69 FR 55574 (September 15, 2004), and the accompanying Issues and Decision Memorandum at Comment 21, *AFBs 15* at Comment 10, and *AFBs 16* at Comment 22, we denied certain negative home-market billing adjustments that JTEKT granted on a model-specific basis but reported on a broad customer-specific basis. See the analysis memorandum for JTEKT dated May 29, 2007, for a more detailed discussion.

In the last administrative review, we examined the relationship between JTEKT and one of its affiliated home-market firms and determined that it is appropriate to collapse these two companies as one entity. See *AFBs 16* at Comment 18. In this review, we have examined the business relationship between JTEKT and its affiliate and determined that it is appropriate to continue to collapse these two companies as one entity based on additional facts we obtained in this administrative review.

JTEKT and its affiliate at issue are in a parent-subsidary relationship in which JTEKT controls its subsidiary's decision-making bodies that decide on the subsidiary's business policy, finance, and operations because JTEKT owns more than 40 percent of its subsidiary's shares and JTEKT sells a significant portion of ball bearings manufactured by its subsidiary under an agreement that dates back to 1963. This parent-subsidary relationship is established under Japan's Ministry of Finance Ordinance No. 59, Article 8(3) and 8(4) (hereafter Ordinance No. 59). JTEKT discloses the financial information of its subsidiary under certain circumstances in accordance with the Tokyo Stock Exchange's Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security

and the Like, Article 2-2-(3). JTEKT develops products with this subsidiary. This subsidiary also markets itself as a company associated with JTEKT and JTEKT's other subsidiaries.

In its November 15, 2006, comment, Timken refers to the Department's decision in *AFBs 16* to collapse JTEKT and its subsidiary after considering several factors and Timken supports the continued collapsing of JTEKT and its subsidiary. Timken argues that a majority-share ownership or a company's ability to "compel" another company to share the other company's information with the company is not a necessary prerequisite to collapse two companies. JTEKT opposes our decision to collapse it with its subsidiary, arguing that JTEKT is not the parent of its subsidiary under the Commercial Code of Japan, Article 211-2, para. 3 (Law No. 48 of March 9, 1899) (hereafter Article 211-2), which requires that a company own the majority share of another company to be a parent company of the other company. JTEKT argues that Ordinance No. 59 is for financial purposes only. Therefore, JTEKT claims, it cannot compel its subsidiary to share the subsidiary's confidential production and sales information with it.

While Article 211-2 is silent on other circumstances in which JTEKT may be the parent company of another company, Ordinance No. 59 sets forth other specific circumstances in which JTEKT is the parent company of its subsidiary at issue and, therefore, controls its subsidiary's decision-making bodies that decide on the subsidiary's business policies, finance, and operations. The parent-subsidary relationship and the business activities between these two companies confirm that JTEKT controls its subsidiary's decision-making bodies in view of their business, financial, and operational relationship. Therefore, we preliminarily find that JTEKT can compel its subsidiary to share its subsidiary's production and sales information with JTEKT.

We continue to find that these two companies have intertwined operations and that a potential exists for JTEKT to manipulate prices and production of its subsidiary supplier, pursuant to 19 CFR 351.401(f)(2). Therefore, for purpose of these preliminary results, we continue to collapse these two companies for this review. See the analysis memorandum for JTEKT dated May 29, 2007, for further details that include reference to JTEKT's business-proprietary information.

In accordance with section 773(a)(1)(B)(i) of the Act, we based

normal value, to the extent practicable, on sales at the same level of trade as the EP or CEP. If normal value was calculated at a different level of trade, we made an adjustment, if appropriate and if possible, in accordance with section 773(a)(7)(A) of the Act. See the *Level of Trade* section below.

#### Actual Costs

Where the sale to an exporter or a reseller is of finished subject merchandise, the Department's practice is to rely on the COP or CV of the producer. See *Notice of Final Results of Antidumping Duty Administrative Review: Individually Quick Frozen Red Raspberries From Chile*, 70 FR 6618 (February 8, 2005), and the accompanying Issues and Decision Memorandum at Comment 3, and *Notice of Final Results of Antidumping Duty Administrative Review: Individually Quick Frozen Red Raspberries from Chile*, 72 FR 6524 (February 12, 2007), and the accompanying Issues and Decision Memorandum at Comment 8. Pursuant to section 773(e)(1) of the Act, CV shall be based upon the cost of materials and fabrication or other processing of any kind employed in producing the merchandise. See the *Constructed Value* section below.

In our original questionnaire dated July 10, 2006, we instructed respondents that, if they met the requirement for providing COP or CV information, they were to respond to Question 8 of Appendix V of the questionnaire by July 31, 2006. In Question 8, we sought information concerning each respondent's total sales of bearings manufactured by unaffiliated suppliers, the suppliers' identities, and whether each respondent produced bearings that were the same as the bearings it purchased from the unaffiliated suppliers during the period of review. We requested this information to determine whether to require individual respondents to report their unaffiliated suppliers' actual COP or CV data. We clarified this request following questions from respondents. See the Memorandum to Laurie Parkhill, Office Director, entitled "Sales of Merchandise Under Review Supplied by an Unaffiliated Producer in the 2005-2006 Review of the Antidumping Duty Order on Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom," dated July 27, 2006.

After analyzing the information we received from certain respondents in response to Question 8, we required Schaeffler Italy and SKF Germany to report COP/CV information for certain

of their unaffiliated suppliers. See Memorandum to Laurie Parkhill entitled "Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Calculation of the Cost of Production and Constructed Value for Merchandise Produced by Unaffiliated Suppliers," dated September 7, 2006. (Since the issuance of the memorandum, we have rescinded the reviews of two other companies for which we made a similar determination.) In that same memorandum, we also stated that companies that had not responded to Question 8 would be required to report CV information of their unaffiliated suppliers if we were to determine that the calculation of their dumping margin necessitated the use of CV for normal value. We made the memorandum available to all respondents in these reviews.

We received actual-cost information for the bearings SKF Germany and Schaeffler Italy had purchased from the respective suppliers we identified in our September 7, 2006, memoranda to the file entitled "Ball Bearings and Parts Thereof from Germany: SKF Germany's Sales of Merchandise Produced by Unaffiliated Suppliers" and "Ball Bearings and Parts Thereof from Italy: FAG Italy's Sales of Merchandise Produced by Unaffiliated Suppliers." Three of the respondents in the Japan review, Aisin Seiki, Canon, and Mori Seiki, did not respond to Question 8 in a timely manner. Aisin Seiki, Canon, and Mori Seiki notified us in their original questionnaire responses dated October 4, 2006, October 3, 2006, and September 27, 2006, respectively, that they had purchased all of their bearings from Japanese producers but did not report actual-cost information. Over the course of the review, we requested information from Aisin Seiki, Canon, and Mori Seiki about their purchases and cost information. They responded that, although they had asked their unaffiliated suppliers to provide the information, the unaffiliated suppliers refused to provide the actual-cost information for virtually all models these resellers sold.

On March 30, 2007, we requested that all manufacturers that produced bearings in Japan and sold bearings to Aisin Seiki, Canon, and Mori Seiki, either directly or through an affiliated sales company, provide actual-cost information for such bearings. See letters to certain manufacturers from Laurie Parkhill dated March 30, 2007, in the file containing business-proprietary information in the Japan proceeding. These manufacturers submitted the required information and we used it,

where necessary, in our margin calculations for the three firms. Where Aisin Seiki, Canon, and Mori Seiki did not purchase bearings directly from the manufacturers or an affiliated sales company but obtained the bearings from another unaffiliated party in the sales chain or where Aisin Seiki, Canon, and Mori Seiki purchased bearings from manufacturers or their affiliates but these suppliers did not produce the bearings, we used the prices at which the three firms acquired the bearings at issue, as needed, for our margin calculations. For Aisin Seiki, Canon, and Mori Seiki, we had all necessary actual or acquisition costs to complete our margin calculations.

#### Constructed Value

In accordance with section 773(a)(4) of the Act, we used CV as the basis for normal value when there were no usable sales of the foreign like product in the comparison market or, in the case of Aisin Seiki, where the company did not have a viable home or third-country market. We calculated CV in accordance with section 773(e) of the Act. We included the cost of materials and fabrication, SG&A expenses, U.S. packing expenses, and profit in the calculation of CV. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by each respondent (with the exception of Aisin Seiki, which we describe below) in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the home market.

When appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act, 19 CFR 351.410, and 19 CFR 351.412 for circumstance-of-sale differences and level-of-trade differences. For comparisons to EP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from and adding U.S. direct selling expenses to CV. For comparisons to CEP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from CV. We also made adjustments, when applicable, for home-market indirect selling expenses to offset U.S. commissions in EP and CEP comparisons.

When possible, we calculated CV at the same level of trade as the EP or CEP. If CV was calculated at a different level of trade, we made an adjustment, if appropriate and if possible, in accordance with sections 773(a)(7) and (8) of the Act.

We calculated G&A expenses and interest expenses by obtaining rates for these items from Aisin Seiki's unconsolidated financial statements and applying them to the total costs, G&A, and interest expense of the bearing models Aisin Seiki sold to the United States. Because Aisin Seiki did not have a viable comparison market, in accordance with section 773(e)(2)(B)(ii) of the Act, we calculated selling expenses and profit for Aisin Seiki's CV based on the weighted-average selling expenses and profit we calculated for the other exporters or producers subject to the review in connection with sales of the foreign like product, in the ordinary course of trade, in the foreign country. See the analysis memorandum for Aisin Seiki dated May 29, 2007, for a more detailed discussion of our calculation of CV for Aisin Seiki.

#### Level of Trade

To the extent practicable, we determined normal value for sales at the same level of trade as the U.S. sales (either EP or CEP). When there were no sales at the same level of trade, we compared U.S. sales to home-market sales at a different level of trade. The normal-value level of trade is that of the starting-price sales in the home market. When normal value is based on CV, the level of trade is that of the sales from which we derived SG&A and profit.

To determine whether home-market sales are at a different level of trade than U.S. sales, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales were at a different level of trade from that of a U.S. sale and the difference affected price comparability, as manifested in a pattern of consistent price differences between the sales on which normal value is based and comparison-market sales at the level of trade of the export transaction, we made a level-of-trade adjustment under section 773(a)(7)(A) of the Act. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997).

Where the respondent reported no home-market levels of trade that were equivalent to the CEP level of trade and where the CEP level of trade was at a less advanced stage than any of the home-market levels of trade, we were unable to calculate a level-of-trade adjustment based on the respondent's home-market sales of the foreign like product. Furthermore, we have no other information that provides an

appropriate basis for determining a level-of-trade adjustment. For respondents' CEP sales, to the extent possible, we determined normal value at the same level of trade as the U.S. sale to the unaffiliated customer and made a CEP-offset adjustment in accordance with section 773(a)(7)(B) of the Act. The CEP-offset adjustment to normal value was subject to the so-called offset cap, calculated as the sum of home-market indirect selling expenses up to the amount of U.S. indirect selling expenses deducted from CEP (or, if there were no home-market commissions, the sum of U.S. indirect selling expenses and U.S. commissions).

For a company-specific description of our level-of-trade analyses for these preliminary results, see Memorandum to Laurie Parkhill from Antifriction Bearings Team entitled "Antifriction Bearings and Parts Thereof from Various Countries - 2005/2006 Level-of-Trade Analysis," dated May 29, 2007, on file in the CRU, room B-099.

**Preliminary Results of Reviews**

As a result of our reviews, we preliminarily determine that the following percentage weighted-average dumping margins on ball bearings and parts thereof from various countries exist for the period May 1, 2005, through April 30, 2006:

**FRANCE**

Company	Margin (percent)
SKF France .....	8.99
SNR .....	13.32

**GERMANY**

Company	Margin
GRW .....	0.35
Schaeffler Germany .....	3.03
SKF Germany .....	11.06

**ITALY**

Company	Margin
Schaeffler Italy .....	1.60
SKF Italy .....	8.83

**JAPAN**

Company	Margin
Aisin Seiki .....	6.48
Asahi Seiko .....	1.28
Canon .....	10.50
JTEKT .....	15.85
Mori Seiki .....	1.93
Nachi .....	11.46
Nankai Seiko .....	3.01
NPB .....	26.89
NSK .....	3.66
NTN .....	7.76
Osaka Pump .....	4.76
Sapporo .....	7.63

**SINGAPORE**

Company	Margin
NMB/Pelmec .....	12.61

**UNITED KINGDOM**

Company	Margin
Barden/Schaeffler UK ...	0.28

**Comments**

We will disclose the calculations used in our analysis to parties to these reviews within five days of the date of publication of this notice. Any interested party may request a hearing within 30 days of the date of publication of this notice. A general-issues hearing, if requested, and any hearings regarding issues related solely to specific countries, if requested, will be held at the main Department building at times and locations to be determined.

Interested parties who wish to request a hearing or to participate if one is requested must submit a written request to the Assistant Secretary for Import Administration within 30 days of the date of publication of this notice. Requests should contain the following: (1) the party's name, address, and telephone number; (2) the number of participants; (3) a list of issues to be discussed. See 19 CFR 351.310(c).

Issues raised in hearings will be limited to those raised in the respective case and rebuttal briefs. Case briefs from interested parties and rebuttal briefs, limited to the issues raised in the respective case briefs, may be submitted not later than the dates shown below for general issues and the respective country-specific reviews. Parties who submit case briefs or rebuttal briefs in these proceedings are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument. Parties are also encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited.

Case	Briefs due	Rebuttals due
General Issues .....	July 2, 2007	July 9, 2007
Germany .....	July 3, 2007	July 10, 2007
Italy .....	July 5, 2007	July 12, 2007
Singapore and United Kingdom .....	July 5, 2007	July 12, 2007
France .....	July 6, 2007	July 13, 2007
Japan .....	July 9, 2007	July 16, 2007

The Department will issue the final results of these administrative reviews, including the results of its analysis of issues raised in any such written briefs or at the hearings, if held, not later than 120 days after the date of publication of this notice.

**Assessment Rates**

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we have calculated, whenever possible, an exporter/importer (or customer)-specific

assessment rate or value for merchandise subject to these reviews. We will issue instructions to CBP 15 days after publication of the final results of these reviews.

The Department clarified its "automatic assessment" regulation on May 6, 2003. See *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003) (*Assessment of Antidumping Duties*). This clarification will apply to entries of subject merchandise during the period of review produced by companies

included in these preliminary results of reviews for which the reviewed companies did not know their merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. For a full discussion of this clarification, see *Assessment of Antidumping Duties*.

*Export-Price Sales*

With respect to EP sales, for these preliminary results, we divided the total dumping margins (calculated as the difference between normal value and EP) for each exporter's importer or customer by the total number of units the exporter sold to that importer or customer. We will direct CBP to assess the resulting per-unit dollar amount against each unit of merchandise in each of that importer's/customer's entries under the relevant order during the review period.

*Constructed Export-Price Sales*

For CEP sales (sampled and non-sampled), we divided the total dumping margins for the reviewed sales by the total entered value of those reviewed sales for each importer. We will direct CBP to assess the resulting percentage margin against the entered customs values for the subject merchandise on each of that importer's entries under the relevant order during the review period. See 19 CFR 351.212(b).

**Cash-Deposit Requirements**

In order to derive a single weighted-average margin for each respondent, we weight-averaged the EP and CEP weighted-average deposit rates (using the EP and CEP, respectively, as the weighting factors). To accomplish this when we sampled CEP sales, we first calculated the total dumping margins for all CEP sales during the review period by multiplying the sample CEP margins by the ratio of total days in the review period to days in the sample weeks. We then calculated a total net value for all CEP sales during the review period by multiplying the sample CEP total net value by the same ratio. Finally, we divided the combined total dumping margins for both EP and CEP sales by the combined total value for both EP and CEP sales to obtain the deposit rate.

Furthermore, with the exception of ball bearings and parts thereof from Singapore for which the Department revoked the order effective July 11, 2005, the following deposit requirements will be effective upon publication of the notice of final results of administrative reviews for all shipments of ball bearings and parts thereof entered, or withdrawn from warehouse, for consumption on or after the date of publication, as provided by section 751(a)(1) of the Act: (1) the cash-deposit rates for the reviewed companies will be the rates established in the final results of reviews; (2) for previously reviewed or investigated companies not listed above, the cash-

deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in these reviews, a prior review, or the less-than-fair-value investigations but the manufacturer is, the cash-deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; (4) the cash-deposit rate for all other manufacturers or exporters will continue to be the "All Others" rate for the relevant order made effective by the final results of review published on July 26, 1993. See *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al; Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Duty Order*, 58 FR 39729, 39730 (July 26, 1993). For ball bearings from Italy, see *Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From France, et al; Final Results of Antidumping Duty Administrative Reviews, Partial Termination of Administrative Reviews, and Revocation in Part of Antidumping Duty Orders*, 61 FR 66472, 66521 (December 17, 1996). These rates are the "All Others" rates from the relevant less-than-fair-value investigations. These deposit requirements, when imposed, shall remain in effect until further notice.

**Notification to Importer**

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

These preliminary results of administrative reviews are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: May 29, 2007.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

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**DEPARTMENT OF COMMERCE.****International Trade Administration**

[A-570-822]

**Certain Helical Spring Lock Washers from the People's Republic of China: Notice of Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review**

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

**EFFECTIVE DATE:** June 6, 2007.

**FOR FURTHER INFORMATION CONTACT:** Marin Weaver at (202) 482-2336 or Charles Riggle at (202) 482-0650, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

**SUPPLEMENTARY INFORMATION:****Background**

On November 27, 2006, the Department of Commerce ("the Department") published the initiation of the administrative review of the antidumping duty order on certain helical spring lock washers ("HSLWs") from the People's Republic of China ("PRC"). See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 71 FR 68535 (November 27, 2006). This review covers the period October 1, 2005, through September 30, 2006. The preliminary results of review are currently due no later than July 3, 2007.

**Extension of Time Limit for Preliminary Results of Review**

Pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act"), the Department shall make a preliminary determination in an administrative review of an antidumping duty order within 245 days after the last day of the anniversary month of the date of publication of the order. The Act further provides, however, that the Department may extend that 245-day period to 365 days if it determines it is not practicable to complete the review within the foregoing time period.

The Department finds that it is not practicable to complete the preliminary results of the administrative review of HSLWs from the PRC within this time limit. Specifically, due to the verification of the questionnaire responses scheduled in June, we find that additional time is needed to complete these preliminary results.