

P1, Q1) and Staphylococcal Enterotoxin (A and B), items subject to the Regulations and classified under ECCN 1C351, for export from the United States to North Korea without the required Department of Commerce license. Specifically, K.V. Rao asked a co-conspirator in the United States to acquire the toxins from the U.S. manufacturer and then ship the toxins to a co-conspirator in the Netherlands, who would forward the toxins to North Korea. Contrary to Section 742.2 of the Regulations, no Department of Commerce license was obtained for the export of toxins from the United States to North Korea.

Whereas, BIS and K.V. Rao have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

Whereas, I have approved the terms of such Settlement Agreement;

*It is therefore ordered:*

*First*, that for a period of four years from the date of entry of this Order, Vishwanath Kakade Rao, of Dolphin International Ltd., 21 Commercial Complex, Gulboker Park Extension, New Delhi 110049, India, and when acting for or on behalf of him, his representatives, agents, assigns or employees ("Denied Person") may not, directly or indirectly, participate in any way in any transaction involving any commodity, software, or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

A. Applying for, obtaining, or using any license, License Exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, sorting, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

C. Benefiting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

*Second*, that no person may, directly or indirectly, do any of the following:

A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States.

D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

*Third*, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to K.V. Rao by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

*Fourth*, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

*Fifth*, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

*Sixth*, that this Order shall be served on the Denied Person and on BIS, and shall be published in the **Federal Register**.

This Order, which constitutes the final agency action in this matter, is effective immediately.

Entered this 2nd day of March, 2006.

**Darryl W. Jackson,**

*Assistant Secretary of Commerce for Export Enforcement.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

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

### Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Preliminary Results of Antidumping Duty Administrative Reviews

**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, and the United Kingdom. The merchandise covered by these orders are ball bearings and parts thereof (ball bearings) from France, Germany, Italy, Japan, and the United Kingdom. The reviews cover 14 manufacturers/exporters. The period of review is May 1, 2004, through April 30, 2005.

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:** March 9, 2006.

**FOR FURTHER INFORMATION CONTACT:** Janis Kalnins 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) 482-1392 and (202) 482-4477, respectively.

### SUPPLEMENTARY INFORMATION:

#### Background

On May 15, 1989, the Department published in the **Federal Register** (54

FR 20900) the antidumping duty orders on ball bearings from France, Germany, Italy, Japan, and the United Kingdom. On June 30, 2005, in accordance with 19 CFR 351.213(b), we published a notice of initiation of administrative reviews of these orders (70 FR 37749). On January 27, 2006, we extended the due date for the completion of these preliminary results of reviews from January 31, 2006, to March 2, 2006 (71 FR 4568). The list of companies for which we have conducted administrative reviews of the various orders on ball bearings are as follows:

**France:**

- \* SKF France S.A. or Sarma (SKF France)

- \* SNR Roulements or SNR Europe (SNR)

**Germany:**

- \* Gebrüder Reinfurt GmbH & Co., KG (GRW)

- \* 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)

- \* SKF GmbH (SKF Germany)

**Italy:**

- \* FAG Italia S.p.A.; FAG Automobiltechnik AG; FAG OEM und Handel AG (collectively FAG 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:**

- \* Koyo Seiko Co., Ltd. (Koyo)<sup>1</sup>

- \* NSK Ltd. (NSK)

- \* NTN Corporation (NTN)

- \* Nachi-Fujikoshi Corporation (Nachi)

- \* Nippon Pillow Block Co., Ltd. (NPB)

- \* Sapporo Precision Inc. (Sapporo)

**United Kingdom:**

- \* The Barden Corporation (UK) Limited; FAG (U.K.) Limited

(collectively Barden/FAG)

**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 (HTSUS) subheadings: 3926.90.45, 4016.93.00, 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, 8482.99.2580, 8482.99.35, 8482.99.6595, 8483.20.40, 8483.20.80, 8483.50.8040, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.6060, 8708.70.8050, 8708.93.30, 8708.93.5000, 8708.93.6000, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.4960, 8708.99.50, 8708.99.5800, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

Although the HTSUS 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 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

(Scope Memorandum) from the Antifriction Bearings Team to Laurie Parkhill, dated March 2, 2006. The Scope Memorandum is on file in the Central Records Unit (CRU), main commerce building, room B-099, in the General Issues record (A-100-001) for the 04/05 reviews.

**Verification**

As provided in section 782(i) of the Tariff Act of 1930, as amended (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 NTN, Nachi, FAG Italy, SNR, NSK, SKF Germany, SKF Italy, SKF France, and Koyo. Our verification results are outlined in the public versions of the verification reports, which are on file in the CRU, room B-099.

**Use of Adverse Facts Available**

Section 776(a)(2) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides such information but the information cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. Pursuant to section 782(e) of the Act, the Department shall not decline to consider submitted information if that information is necessary to the determination but does not meet all of the requirements established by the Department provided that all of the following requirements are met: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts otherwise available.

<sup>1</sup> On February 3, 2006, Koyo filed a request for a changed-circumstances review of the order on ball bearings from Japan with the Department. As Koyo explained, the request for such a review is precipitated by the merger of Koyo and an affiliated company that has resulted in the creation of JTEKT Corporation. Koyo requests that JTEKT Corporation be recognized as its successor-in-interest for antidumping-duty purposes. The Department is considering the request for the review separately from the ongoing administrative review.

We found at verification that Nachi reported the physical characteristics for a number of models incorrectly. See Nachi Verification Report dated February 9, 2006, at pages 4–5. As explained in the verification report, we found that Nachi reported incorrect physical characteristics for 16 of the 40 models we examined at verification.

Each time we selected additional models for verification, we found additional models with incorrectly reported physical characteristics. Because of this, we must conclude that the errors were systemic in nature. Accordingly, we determine that it is appropriate to use the facts available to account for the fact that Nachi misreported its physical characteristics for a substantial proportion of its models. Because the correct physical characteristics appeared on Nachi's technical drawings and in its catalogs that we examined at verification, we find that Nachi's failure to report the critical information accurately indicates that the company did not act to the best of its ability in reporting the information. Moreover, because Nachi did not act to the best of its ability in reporting these characteristics, it is appropriate to use adverse inferences in addressing the errors in the characteristics Nachi reported in accordance with section 776(b) of the Act.

The matching of U.S. and home-market models is at the core of our antidumping analysis because it determines which sales we use as the basis for normal value. In order to conduct an accurate model match we must be satisfied that the physical characteristics the respondent reports for its sales are accurate. Because we found at verification that Nachi reported incorrect physical characteristics for a substantial proportion of its models, however, we are not satisfied that we can make accurate comparisons of similar merchandise using Nachi's reported physical characteristics. Moreover, we cannot be certain that, for any of the U.S. sales for which we would not find a match using Nachi's reported physical characteristics, we would not find a similar match had Nachi reported its physical characteristics correctly. Accordingly, we can have no confidence in the normal values we would identify (or, in the case of constructed value, do not identify) using Nachi's reported physical characteristics and, therefore, we cannot calculate accurate dumping margins for those U.S. sales.

Because we identify matches of identical U.S. and home-market models on the basis of control number rather

than physical characteristics, the verification finding has no impact on the identical matches we found for Nachi. As a result, we can calculate margins for Nachi's U.S. sales for which we found an identical product sold in the home market. Therefore, we preliminarily determine that it is appropriate to limit the application of adverse facts available to non-identical (*i.e.*, similar and constructed-value) matches.

As adverse facts available, we have selected the highest margin we have determined for Nachi in any previous segment of this proceeding and applied this rate to all U.S. sales for which we found no identical match. This rate is 48.69 percent which we established for Nachi in *Final Determinations of Sales at Less Than Fair Value; Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from Japan*, 54 FR 19101 (May 3, 1989). Furthermore, as required by section 776(c) of the Act, we were able to corroborate this margin with respect to Nachi. For a detailed explanation of how we corroborated this margin with respect to Nachi, see the March 2, 2006, analysis memorandum for Nachi for the preliminary results.

#### **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 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 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 30 - June 5, 2004; August 22 - August 28, 2004; September 5 - September 11, 2004; October 31 - November 6, 2004; February 6 - February 12, 2005; February 27 - March 5, 2005. 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 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, except NPB, accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States. 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 analysis memoranda for Barden/FAG, INA/FAG, Koyo, Nachi, NSK, NTN, SKF France, SKF Germany, and SKF Italy, dated March 2, 2006. 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 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. Consequently, this firm submitted complete responses to our further-manufacturing questionnaire which included the costs of the further processing performed by its U.S. affiliates. Because the majority of its products sold in the United States were further processed, we analyzed all sales. No other adjustments to EP or CEP were claimed or allowed.

Nachi reported certain sales to U.S. customers as EP sales. We treated the sales in question as CEP sales. Due to the business-proprietary nature of this matter see our preliminary analysis memorandum for Nachi dated March 2, 2006, for further details.

For NTN, we calculated a direct selling expense for NTN's EP sales,

attributable to NTN's U.S. affiliate's provision of technical support and other selling-support functions to NTN's EP customer. We identified and extracted the value of these expenses, captured in NTN's calculation of indirect selling expenses for CEP sales, and allocated this value over NTN's EP sales to this customer. In addition, we revised NTN's calculation of inventory carrying costs incurred in the home market for NTN's EP and CEP sales by applying the inventory carrying cost factor calculated by NTN to the total cost of manufacture value it reported for each model instead of the gross unit price of each sale in the U.S. sales list.

For NTN we recalculated indirect selling expenses incurred in the home market for NTN's CEP sales because we found that certain expenses, such as welfare, the reserve for retirement, and the reserve for bonuses, were not captured by NTN in its calculation of indirect selling expenses. Also, NTN reported commissions in the home market but did not report indirect selling expenses for its EP sales. In order to apply the calculation of a commission offset, where applicable, we calculated indirect selling expenses incurred in the home market for NTN's EP sales using the information NTN provided with respect to its calculation of indirect selling expenses for NTN's CEP sales. In addition, we corrected certain product characteristics with respect to certain United States models which NTN had reported incorrectly in its sales databases.

Further, we corrected reported errors in the sales quantities and billing adjustments for a number of NTN's reported CEP sales. We deducted early payment discounts which NTN did not report with respect to NTN's CEP sales to certain U.S. customers. We corrected a rebate factor, which NTN misreported, with respect to NTN's CEP sales to a certain U.S. customer. We included unreported terminal charges associated with NTN's air shipments to the United States in the calculation of our deduction for ocean and air freight expenses. We recalculated NTN's repacking expenses for NTN's reported CEP sales because we found the methodology used by NTN to allocate such expenses contained a number of distortions and did not distinguish between the packing requirement for different customer categories.

Finally, we have determined that NTN's allocation of international and inland freight expenses based on the value of the shipped product causes substantial distortions and could otherwise mask dumping. See the Memorandum to Laurie Parkhill entitled

"Administrative Review of the Antidumping Duty Order on Ball Bearings and Parts Thereof; Examination of Allocation Basis Used in the Calculation of Freight Expenses," dated March 2, 2006. We recalculated the expenses in question for NTN using a weight-based allocation for purposes of this administrative review. With respect to other respondents in these administrative reviews that used a value-based methodology to allocate freight expenses, we recognize that no longer accepting value-based freight-expense allocation methodologies is a significant change in practice. Moreover, we do not have all of the data (e.g., the per-unit weight of the bearings) we would need to reallocate these respondents' freight expenses. Therefore, we have not reallocated other respondents' freight expenses in the current reviews. For future reviews of these orders, we will not accept value-based methodologies for the allocation of inland freight or international freight expenses except in situations where the freight charges are, in fact, incurred on a value, not weight or volume, basis (e.g., marine insurance).

#### 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) of the Act. 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, 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.

Due to the extremely large number of 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, August, September, and November of 2004 and February, March, and May of 2005.

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, the Department 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

We disregarded below-cost sales in accordance with section 773(b) of the Act in the last completed review with respect to ball bearings sold by Barden/FAG, FAG Italy, GRW, INA/FAG, Koyo, NSK, NPB, Nachi, NTN, SKF France, SKF Germany, SKF Italy, and SNR. See *Antifriction Bearings and Parts Thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom: Final Results Of Antidumping Duty Administrative Reviews and accompanying Issues and Decision Memorandum*, 70 FR 54711 (September 16, 2005) (*AFBs 15*). 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. Therefore, 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 Department's analysis memoranda for Barden/FAG, FAG Italy, GRW, INA/FAG, Koyo, NSK, NPB, Nachi, NTN, SKF France, SKF Germany, SKF Italy, and SNR, dated March 2, 2006. Based on this test, we disregarded below-cost sales with respect to all of the above-mentioned companies.

#### Model-Match Methodology

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 constructed value of the U.S. model as normal value. For a full discussion of the model-match methodology for these reviews, see *AFBs 15*.

#### 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 we did not accept its claim for an elimination of so-called sample

sales and 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. We corrected certain product characteristics with respect to certain home-market models which NTN had reported incorrectly in its sales databases. We recalculated NTN's packing expenses for reported home-market sales because we found the methodology it used to allocate such expenses contained a number of distortions and did not distinguish between packing requirements for different customer categories.

Further, we revised NTN's calculation of inventory carrying costs incurred in the home market for its home-market sales by applying the inventory carrying cost factor it calculated to the total cost of manufacture value it reported for each model instead of the gross unit price of each sale in the home market. We revised the financial-expenses factor with respect to COP and constructed-value information NTN reported to capture foreign-exchange gains/losses on transactions and foreign-exchange gains/losses on translations of asset and liability accounts stated in foreign currencies into domestic currency as well as hedging expenses associated with the foreign-exchange and currency options contracts NTN used. Further, based on our findings at verification and consistent with *AFBs 15*, we denied NTN's claim for other discounts in the home market that NTN granted on a model-specific basis to certain customers for specific periods but allocated incorrectly over sales of all models to the same customers and a similar claim for which NTN had allocated its discounts over sales that had occurred outside the period of time for which NTN had granted the adjustment to such customers. Finally, as discussed above with respect to NTN's U.S. sales, we re-calculated NTN's inland-freight expenses to reflect the basis on which they were incurred (*i.e.*, weight basis).

For NPB, we recalculated credit expenses in the home market because NPB discounted some of the promissory notes it received for its home-market sales and reported the average discount rate the company paid with respect to these transactions.

For Koyo and consistent with *AFBs 15* at Comment 11, we denied certain negative home-market billing adjustments that Koyo granted on a model-specific basis but reported on a broad customer-specific basis because we found that the allocation of these adjustments resulted in its allocation

over sales of models for which Koyo had not granted an adjustment and over sales that had occurred outside the period of time for which Koyo had granted the adjustment to the customer. For a more detailed discussion of the individual changes, please see the Department's company-specific analysis memorandum dated March 2, 2006.

We have also examined the business relationship between Koyo and one of its home-market affiliated suppliers and have determined that it is appropriate to collapse these companies as one entity. Our decision to collapse these companies was based on our conclusion that a potential exists for Koyo to manipulate prices and production. Due to the business-proprietary nature of this matter, see the decision memorandum to Laurie Parkhill regarding Koyo and its affiliated supplier, dated March 2, 2006, for further details. We will be obtaining additional information from Koyo to implement this decision fully prior to our final results of these administrative reviews.

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 *Level of Trade* section below.

#### Constructed Value

In accordance with section 773(a)(4) of the Act, we used constructed value as the basis for normal value when there were no usable sales of the foreign like product in the comparison market. We calculated constructed value 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 constructed value. 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 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 constructed value 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 constructed value. For comparisons to CEP, we made circumstance-of-sale adjustments by deducting home-market direct selling expenses from constructed value. 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 constructed value at the same level of trade as the EP or CEP. If constructed value 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.

#### 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 constructed value, 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 determine 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 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 Regarding Level of Trade, dated March 2, 2006, 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 exist for the period May 1, 2004, through April 30, 2005:

#### FRANCE

Company	Margin (percent)
SKF France .....	12.56
SNR .....	12.79

#### GERMANY

Company	Margin
FAG/INA .....	4.03
GRW .....	1.21
SKF Germany .....	7.35

#### ITALY

Company	Margin
FAG Italy .....	2.52
SKF Italy .....	16.04

#### JAPAN

Company	Margin
Koyo .....	17.85
NSK .....	6.62
NTN .....	13.32
Nachi .....	28.33
NPB .....	25.91
Sapporo .....	9.01

#### UNITED KINGDOM

Company	Margin
Barden/FAG .....	0.23

#### 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 .....	April 3, 2006	April 10, 2006
Germany .....	April 4, 2006	April 11, 2006
Italy .....	April 5, 2006	April 12, 2006
United Kingdom .....	April 6, 2006	April 13, 2006
France .....	April 7, 2006	April 14, 2006
Japan .....	April 10, 2006	April 17, 2006

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.

The Department clarified its "automatic assessment" regulation on May 6, 2003 (68 FR 23954). 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 *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

#### 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, 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 publication of the final results of the next administrative reviews.

### 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: March 2, 2006.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

[FR Doc. E6-3361 Filed 3-7-06; 8:45 am]

**BILLING CODE 3510-DS-S**

## DEPARTMENT OF COMMERCE

### International Trade Administration

**A-533-809**

### Notice of Preliminary Results of Antidumping Duty Changed Circumstances Review; Certain Forged Stainless Steel Flanges From India

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

**SUMMARY:** On January 4, 2006, the Department of Commerce (the Department) published a notice of initiation of changed circumstances review of the antidumping duty order on certain forged stainless steel flanges (flanges) from India to determine whether Hilton Metal Forging Ltd. (HMFL) is the successor-in-interest company to Hilton Forge. See *Notice of Initiation of Antidumping Duty Changed Circumstances Review: Certain Forged Stainless Steel Flanges from India*, 71 FR 327 (January 4, 2006). We have preliminarily determined that HMFL is the successor-in-interest to Hilton Forge for purposes of determining antidumping liability in this proceeding. Interested parties are invited to comment on these preliminary results.

**EFFECTIVE DATE:** March 9, 2006.

**FOR FURTHER INFORMATION CONTACT:** Fred Baker or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone: (202) 482-2924 or (202) 482-0649, respectively.

### SUPPLEMENTARY INFORMATION:

#### Background

On November 14, 2005, Hilton Forge requested that the Department conduct a changed circumstances review of the antidumping duty order on flanges from India pursuant to section 751(b) of the Tariff Act of 1930, as amended (the Tariff Act), and 19 CFR 351.216. HMFL claims to be the successor-in-interest to Hilton Forge, and, as such, claims to be entitled to receive the same antidumping treatment as Hilton Forge. On January 18, 2006, and February 3, 2006, at the request of the Department, HMFL submitted additional information and documentation pertaining to its changed circumstances request.

#### Scope of the Order

The products covered by this order are certain forged stainless steel flanges, both finished and not finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld-neck, used for butt-weld line connection; threaded, used for threaded line connections; slip-on and lap joint, used with stub-ends/butt-weld line connections; socket weld, used to fit pipe into a machined recession; and blind, used to seal off a line. The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above-described merchandise are included in the scope. Specifically excluded from the scope of this order are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351. The flanges subject to this order are currently classifiable under subheadings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule (HTS). Although the HTS subheading is provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.

#### Preliminary Results of Review

In antidumping duty changed circumstances reviews involving a successor-in-interest determination, the Department typically examines several