

**DEPARTMENT OF COMMERCE****International Trade Administration****[A-421-805]****Preliminary Results of Antidumping Duty Administrative Review; Aramid Fiber Formed of Poly Para-Phenylene Terephthalamide from the Netherlands**

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

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

**EFFECTIVE DATE:** March 8, 2001.

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on aramid fiber formed of poly para-phenylene terephthalamide (PPD-T aramid) from the Netherlands in response to requests by respondent, Teijin Twaron BV (formerly Twaron Products V.o.F.) and Teijin Twaron USA, Inc. (formerly Twaron Products, Inc.) (collectively Twaron), and petitioner, E.I. DuPont de Nemours and Company. This review covers sales of this merchandise to the United States during the period June 1, 1999, through December 31, 1999, by Twaron. The results of the review indicate that Twaron made sales of the subject merchandise at less than NV for the above period.

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

**FOR FURTHER INFORMATION CONTACT:** Dennis McClure or Michael Grossman, AD/CVD Enforcement, Office 6, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0984 or (202) 482-3146, respectively.

*The Applicable Statute and Regulations:* Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (2000).

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

The Department published in the **Federal Register** the antidumping duty order on PPD-T aramid from the Netherlands on June 24, 1994 (59 FR 32678). On June 20, 2000, we published in the **Federal Register** (65 FR 38242) a notice of "Opportunity to Request an Administrative Review" of this order covering the period June 1, 1999, through May 31, 2000.

In accordance with 19 CFR 351.213(b), Twaron and petitioner requested that we conduct an administrative review for the aforementioned period. On July 31, 2000, the Department published a notice of "Initiation of Antidumping Review" (65 FR 46687). The Department is now conducting this administrative review pursuant to section 751 of the Act.

On February 8, 2001, the U.S. International Trade Commission (ITC) determined in the five-year (sunset) review that revoking the existing antidumping order on imports of PPD-T aramid from the Netherlands would not likely lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the ITC's negative determination, the existing antidumping duty order on imports of this product will be revoked retroactive to January 1, 2000. Therefore, our review covers sales of this merchandise to the United States during the period June 1, 1999, through December 31, 1999.

**Scope of Review**

The products covered by this review are all forms of PPD-T aramid from the Netherlands. These consist of PPD-T aramid in the form of filament yarn (including single and corded), staple fiber, pulp (wet or dry), spun-laced and spun-bonded nonwovens, chopped fiber, and floc. Tire cord is excluded from the class or kind of merchandise under review. This merchandise is currently classifiable under the *Harmonized Tariff Schedule of the United States (HTSUS)* item numbers 5402.10.3020, 5402.10.3040, 5402.10.6000, 5503.10.1000, 5503.10.9000, 5601.30.0000, and 5603.00.9000. The HTSUS item numbers are provided for convenience and Customs purposes. The written description of the scope remains dispositive.

**Transactions Reviewed**

In accordance with section 751 of the Act, the Department is required to determine the normal value (NV) and export price (EP) or constructed export price (CEP) of each entry of subject

merchandise, and the dumping margin for each such entry. *See* Section 751(a)(2)(A). Because there can be a significant lag between entry date and sale date for CEP sales, it has been the Department's practice to examine U.S. CEP sales during the period of review (POR). *See Gray Portland Cement and Clinker from Japan; Final Results of Antidumping Duty Administrative Review*, 58 FR 48826, 48832 (September 20, 1993) (the Department did not consider ESP (now CEP) entries which were sold after the POR). The Court of International Trade (CIT) has upheld the Department's practice in this regard. *See The Ad Hoc Committee of Southern California Producers of Gray Portland Cement v. United States*, 914 F. Supp. 535, 544-45 (CIT 1995).

**Comparisons to NV**

In accordance with section 771(16) of the Act, we considered all products covered by the Scope of the Review which were sold by the respondent in the home market during the POR to be foreign like products for purposes of product comparisons to U.S. sales.

Pursuant to section 777A(d)(2) of the Act, where there were home market sales that passed the cost of production (COP) test, as discussed below, we compared the CEPs of individual U.S. transactions to the monthly weighted-average NV of the foreign like product. Where there were no sales of identical or similar merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the constructed value (CV) of the product sold in the home market during the comparison period.

**Constructed Export Price**

The Department based its margin calculation on CEP, as defined in sections 772(b), (c), and (d) of the Act, because all sales to the first unaffiliated purchaser in the United States took place after importation.

We calculated CEP based on delivered prices and FOB warehouse prices to unaffiliated purchasers in the United States. Where appropriate, we reduced these prices to reflect rebates. In accordance with section 772(d)(1) of the Act, we deducted direct selling expenses, *i.e.*, credit expenses, technical service expenses, warranty expenses, third-party payments, packing and repacking, and indirect selling expenses, including inventory carrying costs, which related to economic activity in the United States. We made deductions for movement expenses (international freight, brokerage and handling, U.S. duties, domestic inland freight, U.S. inland freight, and

insurance) in accordance with section 772(c)(2) of the Act. We also made deductions for further manufacturing in accordance with section 772(d)(2) of the Act. Finally, we also deducted from CEP an amount for profit in accordance with sections 772(d)(3) and (f) of the Act.

#### Normal Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the respondent's volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise. Pursuant to sections 773(a)(1)(B) and (C) of the Act, because Twaron's aggregate volume of the home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market provides a viable basis for calculating NV on home market sales.

We calculated NV based on packed, ex-factory or delivered prices to unaffiliated purchasers in the home market. We made adjustments for discounts. Where applicable, we deducted home market packing costs and added U.S. packing costs. In accordance with section 773(a)(6) of the Act, where applicable, we made deductions from the starting price for inland freight and inland insurance. In addition, we made a circumstance of sale adjustment for imputed credit expenses, in accordance with section 773(a)(6)(C)(iii) of the Act. Prices were reported net of value added taxes (VAT) and, therefore, no deduction for VAT was necessary. We made adjustments, where appropriate, for physical differences in merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. We based this adjustment on the difference in the variable costs of manufacturing for the foreign like product and the subject merchandise.

We derived the CEP offset amount from the amount of the indirect selling expenses on sales in the home market. See *Level of Trade* section of this notice. We limited the home market indirect selling expense deduction by the amount of the indirect selling expenses deducted from CEP pursuant to section 772(d) of the Act.

#### Cost of Production Analysis

In the most recently completed administrative review of Twaron, we disregarded sales found to be below the COP. Therefore, in accordance with section 773(b)(2)(A)(ii) of the Act, the Department has reasonable grounds to believe or suspect that sales below the

COP may have occurred during the POR. Thus, pursuant to section 773(b) of the Act, we initiated a COP investigation of Twaron in the instant review.

In accordance with section 773(b)(3) of the Act, we calculated the weighted-average COP, by model, based on the sum of the cost of materials and fabrication employed in producing the foreign like product, plus amounts for home market selling, general and administrative (SG&A) expenses and packing costs in accordance with section 773(b)(3) of the Act. We used the home market sales data and COP information provided by Twaron in its questionnaire responses.

After calculating a weighted-average COP, we tested whether home market sales of PPD-T aramid were made at prices below COP within an extended period of time in substantial quantities, and whether such prices permitted recovery of all costs within a reasonable period of time. We compared model-specific COP to the reported home market prices less any applicable movement charges, discounts, and indirect selling expenses.

Pursuant to section 773(b)(2)(C), where less than 20 percent of Twaron's sales of a given model were at prices less than COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." In accordance with section 773(b)(2)(B) and (D) where 20 percent or more of home market sales of a given product during the POR were at prices less than the COP, we found that such sales were made in substantial quantities within an extended period of time. Because the sales prices would not permit recovery of all costs within a reasonable period of time, we disregarded those below-cost sales and used the remaining sales to determine NV in accordance with section 773(b)(1). For those models of PPD-T aramid for which there were no home market sales available for matching purposes, we compared CEP to CV.

#### Constructed Value

In accordance with section 773(e) of the Act, we calculated CV based on the sum of Twaron's cost of materials and fabrication employed in producing the subject merchandise, SG&A and profit incurred and realized in connection with production and sale of the foreign like product, and U.S. packing costs. In accordance with section 773(e)(2)(A), we based SG&A and profit on the amounts incurred and realized by Twaron in connection with the production and sale of the foreign like

product in the ordinary course of trade, for consumption in the foreign country.

We used the costs of materials, fabrication, and SG&A as reported in the CV portion of Twaron's questionnaire response. We used the U.S. packing costs as reported in the U.S. sales portion of Twaron's questionnaire response. We based selling expenses and profit on the information reported in the home market sales portion of Twaron's questionnaire response. See *Certain Pasta from Italy; Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 61 FR 1344, 1349 (January 19, 1996). For selling expenses, we used the average of the home market selling expenses weighted by the respective quantities sold. For actual profit, we first calculated the difference between the home market sales value and home market COP for all home market sales in the ordinary course of trade, and divided the sum of these differences by the total home market COP for these sales. We then multiplied this percentage by the COP for each U.S. model to derive the profit amount. Finally, the CEP offset was derived in the same manner described in the *Normal Value* section of this notice.

#### Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade as the EP or CEP. The NV level of trade is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive SG&A expenses and profit. For EP, the U.S. level of trade is also the level of the starting-price sale, which is usually from exporter to importer. For CEP, the level of trade is based on the transaction between the exporter and the importer for which we construct the price.

To determine whether NV sales are at a different level of trade than EP or CEP, we examine 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 are at a different level of trade, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a level of trade adjustment pursuant to section 773(a)(7)(A) of the Act.

Finally, for CEP sales, if the NV level is more remote from the factory than the

CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732-33 (November 19, 1997) (*South Africa Final*).

For purposes of our analysis, we examined information regarding the distribution systems in both the United States and the Dutch markets, including the selling functions, classes of customer, and selling expenses. Upon consideration of the above mentioned factors, the Department determined that there is one level of trade and one channel of distribution in the home market (direct to end users) and a different level of trade in the U.S. market (sales to an affiliated distributor). As such, we were unable to make product comparisons at the same level of trade nor were we able to calculate a level of trade adjustment. We have determined that Twaron's NV sales to end-users/converters in the home market, as well as CV, are at a more advanced stage of distribution than CEP sales. As a result, the Department has preliminarily determined to grant Twaron an adjustment to NV in the form of a CEP offset.

#### Currency Conversion

For purposes of the preliminary results, we made currency conversions in accordance with section 773A of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. *See Change in Policy Regarding Currency Conversions*, 61 FR 9434 (March 8, 1996). Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars, unless the daily rate involves a "fluctuation." In accordance with the Department's practice, we have determined as a general matter that a fluctuation exists when the daily exchange rate differs from a benchmark by 2.25 percent. *See South Africa Final* 62 FR 61734. The benchmark is defined as the rolling average of rates for the past 40 business days. When we determine that a fluctuation exists, we substitute the benchmark for the daily rate, in accordance with established practice. Therefore, for purposes of the current review, we have made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales based on the methodology discussed above.

#### Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following weighted-average dumping margin exists:

Exporter/manufacturer	Weighted-average margin
Twaron .....	1.03%

We will disclose the calculations used in our analysis to parties to this proceeding within five days of the publication date of this notice. *See* 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of the date of publication of this notice. *See* 19 CFR 351.310(c). Any hearing, if requested, will be held 44 days after the date of publication, or the first workday thereafter. Interested parties may submit case briefs within 30 days of the date of publication of this notice. Parties who submit case briefs in this proceeding should provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than 37 days after the date of publication. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette. The Department will publish a notice of the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at the hearing, within 120 days from the publication of these preliminary results.

#### Assessment Rate

Pursuant to 19 CFR 351.212(b), the Department shall determine, and the United States Customs Service shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we have calculated importer-specific assessment rates by aggregating the dumping margins calculated for all U.S. sales and dividing this amount by the estimated entered value (provided by respondents) of the same merchandise on an importer-specific basis. Upon completion of this review, the Department will instruct the U.S. Customs Service to assess antidumping duties on all entries during the POR by applying the assessment rate to the entered value of the merchandise.

Furthermore, as a result of the ITC's negative sunset review determination with regard to PPD-T aramid from the

Netherlands, the Department will revoke the antidumping duty order for this case, effective January 1, 2000. We will instruct the Customs Service to terminate suspension of liquidation for all entries of subject merchandise made on or after January 1, 2000. Therefore, we will not issue cash deposit instructions to Customs based on the results of this review.

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

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: February 28, 2001.

**Bernard T. Carreau,**

*Deputy Assistant Secretary, Import Administration.*

[FR Doc. 01-5623 Filed 3-7-01; 8:45 am]

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#### DEPARTMENT OF COMMERCE

##### International Trade Administration

[A-570-830]

#### Coumarin From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review

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

**ACTION:** Notice of preliminary results of antidumping duty administrative review.

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on coumarin from the People's Republic of China (PRC). The review covers exports of this merchandise to the United States for the period February 1, 1999, through January 31, 2000, and two firms: Netchem, Inc. (Netchem) and Jiangsu Native Produce Import & Export Corporation (Jiangsu). The preliminary results of this review indicate that both Netchem and Jiangsu failed to