

DEPARTMENT OF COMMERCE**International Trade Administration****[A-570-875]****Non-Malleable Cast Iron Pipe Fittings from the People's Republic of China: Postponement of Preliminary Determination of Antidumping Duty Investigation**

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

EFFECTIVE DATE: August 6, 2002.

FOR FURTHER INFORMATION CONTACT:

Ronald Trentham or Sam Zengotitabengoa at (202) 482-6320 or (202) 482-4195, respectively; AD/CVD Enforcement, Office 4, Group II, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:**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 Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (2002).

Statutory Time Limits

Section 733(b)(1)(A) of the Act, requires the Department of Commerce (the Department) to issue the preliminary determination of an antidumping duty investigation within 140 days after the date of initiation. However, if the petitioner makes a timely request for an extension of the period, section 733(c)(1)(A) of the Act allows the Department to postpone the preliminary determination until not later than 190 days after the date of initiation.

Background

On March 13, 2002, the Department initiated an antidumping duty investigation of non-malleable cast iron pipe fittings from the People's Republic of China. See *Notice of Initiation of Antidumping Investigation: Non-malleable Cast Iron Pipe Fittings from the People's Republic of China*, 67 FR 12966 (March 20, 2002). The notice stated that the Department would issue its preliminary determination no later than 140 days after the date of initiation. The preliminary determination currently is due no later than July 31, 2002.

Extension of Preliminary Determination

On July 5, 2002, the Department received a timely request for postponement of the preliminary determination from Anvil International Inc. and Ward Manufacturing Inc., (hereinafter, the petitioners), in accordance with section 733(c)(1)(A) of the Act and 19 CFR 351.205(e). Petitioners requested an extension to provide themselves and the Department with more time to review respondents' submissions and to allow the Department to request and analyze additional information from respondents, if needed. There are no compelling reasons for the Department to deny the petitioners' request. Therefore, pursuant to section 733(c)(1)(A) of the Act, the Department is postponing the preliminary determination until September 19, 2002.

This notice of postponement is in accordance with section 733(c)(2) of the Act and 19 CFR 351.205(f).

Dated: July 11, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE**International Trade Administration****[A-570-847]****Persulfates From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Partial Recission**

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

SUMMARY: The Department of Commerce is conducting an administrative review of the antidumping duty order on persulfates from the People's Republic of China in response to a request by the petitioner, FMC Corporation. The period of review is July 1, 2000, through June 30, 2001. In addition, we are rescinding our initiation of an administrative review for an additional exporter because no review was requested for this company.

We have preliminarily determined that U.S. sales have not been made below normal value. If these preliminary results are adopted in our final results, we will instruct the U.S. Customs Service to assess no antidumping duties on the exports subject to this review.

EFFECTIVE DATE: August 6, 2002.

FOR FURTHER INFORMATION CONTACT:

Mike Strollo, AD/CVD Enforcement, Group I, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0629.

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 of Commerce's (the Department's) regulations are to 19 CFR part 351 (2001).

SUPPLEMENTARY INFORMATION:**Background**

On July 2, 2001, the Department published in the **Federal Register** a notice of "Opportunity to Request an Administrative Review" of the antidumping duty order on persulfates from the People's Republic of China (PRC) covering the period July 1, 2000, through June 30, 2001. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 66 FR 34910 (July 2, 2001).

On July 31, 2001, in accordance with 19 CFR 351.213(b), the petitioner, FMC Corporation, requested an administrative review of Shanghai Ai Jian Import & Export Corporation (Ai Jian). We published a notice of initiation of this review on August 20, 2001. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 66 FR 43570 (Aug. 20, 2001) (*Persulfates Initiation*). In this notice, we also initiated an administrative review for an additional company for which no review had been requested by any interested party. For further discussion, see the "Partial Recission of Review" section of this notice, below.

On August 3, 2001, we issued an antidumping questionnaire to Ai Jian. We received Ai Jian's timely responses to section A of the questionnaire on September 24, 2001, and to sections C and D on October 9, 2001. We issued a supplemental questionnaire to Ai Jian on October 29, 2001. We received Ai Jian's response to this supplemental questionnaire on November 29, 2001.

On November 30, 2001, Ai Jian and the petitioner submitted publicly available information for consideration in valuing the factors of production. On

December 7, 2001, the parties submitted rebuttal comments.

On February 15, 2002, we issued an additional supplemental questionnaire to Ai Jian. Ai Jian submitted a response to this supplemental questionnaire on March 7, 2002.

In June 2002, we conducted verification of the sales and factor information provided by Ai Jian.

Partial Recission of Review

In *Persulfates Initiation*, we inadvertently initiated an administrative review for Sinochem Jiangsu Wuxi Import and Export Corp. (Wuxi). However, no administrative review for this exporter had been requested by any interested party in this proceeding. Therefore, in accordance with 19 CFR 351.213(d)(2), we have rescinded this administrative review with respect to Wuxi.

Scope of Review

The products covered by this review are persulfates, including ammonium, potassium, and sodium persulfates. The chemical formula for these persulfates are, respectively, $(\text{NH}_4)_2\text{S}_2\text{O}_8$, $\text{K}_2\text{S}_2\text{O}_8$, and $\text{Na}_2\text{S}_2\text{O}_8$. Ammonium and potassium persulfates are currently classifiable under subheading 2833.40.60 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Sodium persulfate is classifiable under HTSUS subheading 2833.40.20. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this review is dispositive.

Separate Rates

It is the Department's policy to assign all exporters of the merchandise subject to review in non-market-economy (NME) countries a single rate, unless an exporter can demonstrate an absence of government control, both in law and in fact, with respect to exports. To establish whether an exporter is sufficiently independent of government control to be entitled to a separate rate, the Department analyzes the exporter in light of the criteria established in the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*), as amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). Evidence supporting, though not requiring, a finding of de jure absence of government control over export activities includes: (1) An absence of restrictive stipulations associated with an individual exporter's

business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies. With respect to evidence of a de facto absence of government control, the Department considers the following four factors: (1) Whether the respondent sets its own export prices independently from the government and other exporters; (2) whether the respondent can retain the proceeds from its export sales; (3) whether the respondent has the authority to negotiate and sign contracts; and (4) whether the respondent has autonomy from the government regarding the selection of management. See *Silicon Carbide*, 59 FR at 22587; see also *Sparklers*, 56 FR at 20589.

With respect to Ai Jian, for purposes of our preliminary results covering the period of review (POR) July 1, 2000, through June 30, 2001, the Department determined that there was an absence of *de jure* and *de facto* government control of its export activities and determined that it warranted a company-specific dumping margin. See *Persulfates From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 66 FR 42628 (Aug. 14, 2001) (*Persulfates Third Review Final*). For purposes of this POR, Ai Jian has responded to the Department's request for information regarding separate rates. We have found that the evidence on the record is consistent with the final results in *Persulfates Third Review Final* and continues to demonstrate an absence of government control, both in law and in fact, with respect to Ai Jian's exports, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*.

Export Price

For Ai Jian, we calculated export price (EP) in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and constructed export price methodology was not otherwise warranted based on the facts of record. We calculated EP based on packed, cost-insurance-freight (CIF) U.S.-port, or free-on-board, PRC-port prices to unaffiliated purchasers in the United States, as appropriate. We made deductions from the starting price, where appropriate, for ocean freight services which were provided by market economy suppliers. We also deducted from the starting price, where appropriate, an amount for foreign inland freight, foreign brokerage and handling, and marine insurance

expenses. As these movement services were provided by NME suppliers, we valued them using Indian rates. For further discussion of our use of surrogate data in an NME proceeding, as well as selection of India as the appropriate surrogate country, see the "Normal Value" section of this notice, below.

For foreign inland freight we used price quotes obtained by the Department from Indian truck freight companies in November 1999. These price quotes were used in *Persulfates Third Review Final*, and were also used in the investigation of bulk aspirin from the PRC. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 116, 118 (Jan. 3, 2000) (*Bulk Aspirin Prelim*). For foreign brokerage and handling expenses, we used public information reported in the new shipper review of stainless steel wire rod from India. See *Certain Stainless Steel Wire Rod From India: Preliminary Results of Antidumping Duty Administrative and New Shipper Reviews*, 63 FR 48184, 48185 (Sept. 9, 1998). With respect to marine insurance, Ai Jian asserted that it used a market-economy supplier for its shipments of persulfates. However, based on the submitted information, we could not establish that the insurance charges Ai Jian paid reflect prices set by market-economy carriers. Due to the proprietary nature of the facts underlying our analysis, we cannot discuss them in this forum. For further discussion, see the July 31, 2002, memorandum from the team to the file entitled "U.S. Price and Factors of Production Adjustments for the Preliminary Results." Therefore, in accordance with our practice, we based the marine insurance charges on surrogate values. See, e.g., *Persulfates from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 66 FR 18439, 18441 (*Persulfates Third Review Prelim*); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China*, 65 FR 19873 (Apr. 13, 2000) and accompanying decision memorandum at *Comment 3*; and *Sebacic Acid From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 65 FR 49537 (Aug. 14, 2000) and accompanying decision memorandum at *Comment 8*.

Accordingly, we valued marine insurance using price quotes obtained from Roanoke Trade Services, Inc., a provider of marine insurance. See the

memorandum to the File from Gregory Kalbaugh entitled "Marine Insurance Rates," in the administrative review of sebacic acid from the PRC, dated July 9, 2002, and the memorandum to the File from Michael Strollo entitled "Preliminary Valuation of Factors of Production for the Preliminary Results of the 2000–2001 Administrative Review of Persulfates from the People's Republic of China," dated July 31, 2002 (*FOP Memo*), which are on file in the Central Records Unit, Room B099 of the main Commerce building (CRU).

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the normal value (NV) using a factors-of-production methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value (CV) under section 773(a) of the Act.

The Department has treated the PRC as an NME country in all previous antidumping cases. Furthermore, available information does not permit the calculation of NV using home market prices, third country prices, or CV under section 773(a) of the Act. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment in this review. Therefore, we treated the PRC as an NME country for purposes of this review and calculated NV by valuing the factors of production in a surrogate country.

Section 773(c)(4) of the Act and 19 CFR 351.408 direct us to select a surrogate country that is at a level of economic development comparable to that of the PRC. On the basis of per capita gross domestic product (GDP), the growth rate in per capita GDP, and the national distribution of labor, we find that India is at a level of economic development comparable to that of the PRC.¹ See the Surrogate Country Selection Memorandum from Jeffrey May to Luis Apple Re: Administrative Review of Persulfates from the People's Republic of China, dated September 24, 2001, which is on file in the CRU.

Section 773(c)(4) of the Act also requires that, to the extent possible, the Department use a surrogate country that is a significant producer of merchandise

comparable to persulfates. For purposes of the most recent segment of this proceeding, we found that India was a producer of persulfates based on information submitted by the respondent. See *Persulfates Third Review Prelim*, 66 FR at 18442.² For purposes of this administrative review, we continue to find that India is a significant producer of persulfates based on information submitted by both the respondent and the petitioner. We find that India fulfills both statutory requirements for use as the surrogate country and continue to use India as the surrogate country in this administrative review. We have used publicly available information relating to India, unless otherwise noted, to value the various factors of production.

For purposes of calculating NV, we valued PRC factors of production in accordance with section 773(c)(1) of the Act. Factors of production include, but are not limited to: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital cost, including depreciation. In examining surrogate values, we selected, where possible, the publicly available value which was: (1) An average non-export value; (2) representative of a range of prices within the POR or most contemporaneous with the POR; (3) product-specific; and (4) tax-exclusive. For a more detailed explanation of the methodology used in calculating various surrogate values, see the *FOP Memo*, which is on file in the CRU. In accordance with this methodology, we valued the factors of production as follows:

To value ammonium sulfate, caustic soda, and sulfuric acid, we used public information from the Indian publication *Chemical Weekly*, as provided by both petitioner and the respondent in their November 30, 2001, submissions. For caustic soda and sulfuric acid, because price quotes reported in *Chemical Weekly* are for chemicals with a 100 percent concentration level, we made chemical purity adjustments according to the particular concentration levels of caustic soda and sulfuric acid used by Shanghai Ai Jian Reagent Works (AJ Works), Ai Jian's PRC supplier. Where necessary, we adjusted the values reported in *Chemical Weekly* to exclude sales and excise taxes. For potassium sulfate and anhydrous ammonia, we relied on import prices contained in the January 2001 issue of *Monthly Statistics of the Foreign Trade of India* (*Monthly*

Statistics), as provided by the respondent in its November 2001 submission. For those values not contemporaneous with the POR, we adjusted for inflation using the WPI published by the IMF.

During the POR, AJ Works self-produced ammonium persulfates, which is a material input in the production of potassium persulfates and sodium persulfates. In order to value ammonium persulfates, we calculated the sum of the materials, labor, and energy costs based on the usage factors submitted by AJ Works in its questionnaire responses. Consistent with our methodology used in *Persulfates Third Review Final*, we then applied this value to the reported consumption amounts of ammonium persulfates used in the production of potassium and sodium persulfates.

We valued labor based on a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3).

For electricity, we derived a surrogate value based on 1998/1999 electricity price data published by Data Energy Research Institute. These data were used in the antidumping duty administrative review of manganese metal from the PRC. See *Persulfates Third Review Final*; and *Notice of Final Results of Antidumping Duty Administrative Review of Manganese Metal from the People's Republic of China*, 66 FR 15076 (Mar. 15, 2001) and accompanying decision memorandum at *Comment 10*. We adjusted the values to reflect inflation up to the POR using the electricity-specific price index published by the Reserve Bank of India.

To value water, we relied on public information reported in the October 1997 publication of *Second Water Utilities Data Book: Asian and Pacific Region*. To value coal, we relied on import prices contained in the March 2001 annual volume of *Monthly Statistics*. We adjusted the values to reflect inflation up to the POR using the WPI published by the IMF.

For the reported packing materials—polyethylene bags, woven bags, polyethylene sheet/film and liner, fiberboard, and paper bags—we relied upon Indian import data from the March 2001 annual volume of *Monthly Statistics*. For wood pallets, we relied upon Indonesian import data from the 1998 issues of *Indonesian Foreign Trade Statistics*, because the submitted Indian data on this material were unreliable as a surrogate value. See the *FOP Memo* at page 5. The data for wood pallets was submitted by the respondent in its November 30, 2001, submission, and used in the previous administrative review of *See Persulfates Third Review*

¹ We also find that Indonesia is at a level of economic development comparable to that of the PRC.

² This finding was unchanged in the final results. See *Persulfates Third Review Final*.

Final. We adjusted the Indian rupee values to reflect inflation up to the POR using the WPI published by the IMF. We also adjusted the U.S. dollar value for wood pallets to reflect inflation (or deflation, as appropriate) using the producer price indices published by the IMF.

We made adjustments to account for freight costs between the suppliers and AJ Works' manufacturing facilities for each of the factors of production identified above. In accordance with out practice, for inputs for which we used CIF import values from India or Indonesia, we calculated a surrogate freight cost using the shorter of the reported distances either from the closet PRC ocean port to the factory or from the domestic supplier to the factory. See *Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China*, 62 FR 61964, 61977 (Nov. 20, 1997) and the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 7 F.3d 1401 (Fed. Cir. 1997).

For foreign inland freight we used price quotes obtained by the Department from Indian truck freight companies in November 1999. These price quotes were used in *Persulfates Third Review Final*, and were also used in *Bulk Aspirin Prelim*. See the *FOP Memo*.

For factory overhead, selling, general, and administrative expenses (SG&A), and profit, we relied on the experience of two producers of identical merchandise, Gugarat Persalts (P) Lts. (Gujarat) and Calibre Chemicals Pvt., Ltd. (Calibre), as reflected in their fiscal year 2000 financial statements. See the *FOP Memo*. Consistent with our practice, we did not rely on the financial statements of an additional producer of comparable merchandise (i.e., National Peroxide Ltd.) because it did not produce persulfates during the POR. See *Persulfates Third Review Final* and accompanying decision memorandum at *Comment 5*.

We note that the financial statements of Gujarat and Calibre indicate that both produce persulfates and both are equally contemporaneous (i.e., these financial statements cover the fiscal period April 1999 through March 2000). We disagree with the petitioner's argument that Gujarat's financial statements are not publicly available because Gujarat is not a public corporation. Gujarat's financial statements were submitted as public information. In addition, we note that these statements were audited. Therefore, for these preliminary results, we have relied upon the financial

statements of both Gujarat and Calibre in order to calculate the surrogate factory overhead, SG&A, and profit ratios.

Consistent with the methodology used in *Persulfates Third Review Final*, we calculated factory overhead as a percentage of the total raw material costs for subject merchandise, as opposed to calculating factory overhead as a percentage of total materials, labor, and energy costs for all products. See the *FOP Memo* at page 7. We also reclassified certain depreciation expenses from Calibre's financial statements as SG&A expenses. We removed from the profit calculation the excise duties and sales taxes.

Preliminary Results of Review

We preliminarily determine that the following margins exist for the period July 1, 2000, through June 30, 2001:

Manufacturer/exporter	Margin (percent)
Shanghai Ai Jian Import & Export Corporation	0.00

The Department will disclose to parties the calculations performed in connection with these preliminary results within five days of the date of publication of this notice. Interested parties may request a hearing within 30 days of the publication. Any hearing, if requested, will be held 44 days after the publication of this notice, or the first workday thereafter. Interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than 35 days after the date of publication of this notice. 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 briefs, within 120 days of the publication of these preliminary results.

The Department will determine and the Customs Service shall assess antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the Customs Service upon completion of this review. The final results of this review will be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties.

For assessment purposes in this case, we do not have the information to calculate entered value. Therefore, we have calculated importer-specific duty

assessment rates for the merchandise by aggregating the dumping margins calculated for all U.S. sales and dividing this amount by the total quantity of those sales. To determine whether the duty assessment rates were *de minimis*, in accordance with the requirement set forth in 19 CFR 351.106(c)(2), we calculated importer-specific *ad valorem* ratios based on the EPs.

Furthermore, the following deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Ai Jian will be that established in the final results of this administrative review; (2) for any company previously found to be entitled to a separate rate and for which no review was requested, the cash deposit rate will be the rate established in the most recent review of that company; (3) the cash deposit rate for all other PRC exporters will be 119.02 percent, the PRC-wide rate established in the less than fair value investigation; and (4) the cash deposit rate for a non-PRC exporter of subject merchandise from the PRC will be the rate applicable to the PRC supplier of that exporter. These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification of Interested Parties

This notice 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 double antidumping duties.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 31, 2002.

Faryar Shirzad,

Assistant Secretary, Import Administration.
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