

Federal Advisory Committee Act, as amended, that the series of meetings or portions of meetings of the Committee and of any Subcommittees thereof, dealing with the classified materials listed in 5 U.S.C. 552b(c)(1) shall be exempt from the provisions relating to public meetings found in sections 10(a)(1) and 10(a)(3) of the Federal Advisory Committee Act. The remaining series of meetings or portions thereof will be open to the public.

A copy of the Notice of Determination to close meetings or portions of meetings of the Committee is available for public inspection and copying in the Central Reference and Records Inspection Facility, Room 6020, U.S. Department of Commerce, Washington, DC. For more information, call Lee Ann Carpenter at (202) 482-2583.

Dated: May 23, 2001.

**Lee Ann Carpenter,**

*Committee Liaison Officer.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-846]

#### **Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of Fifth New Shipper Review**

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

**ACTION:** Notice of preliminary results and partial rescission of fifth new shipper review.

**SUMMARY:** The Department of Commerce is currently conducting the fifth new shipper review of the antidumping duty order on brake rotors from the People's Republic of China covering the period April 1, 2000, through September 30, 2000. This review covers three exporters. We have preliminarily determined that two exporters have made sales at not less than normal value. For the other exporter, we have preliminarily determined that it failed to demonstrate its entitlement to a separate rate and thus are preliminarily rescinding the review with respect to it. If these preliminary results are adopted in our final results of this review, we will instruct the Customs Service to assess no antidumping duties on entries of subject merchandise during the period of review from the two exporters, for which the importer-specific assessment rates are zero or *de minimis*

(*i.e.*, less than 0.50 percent), and to assess duties on all entries of subject merchandise made during the period of review by the other exporter at the country-wide rate. Furthermore, we will instruct the Customs Service to require a cash deposit on all future entries of the subject merchandise from that exporter at the country-wide rate.

We will issue the final results no later than 90 days from the date of issuance of this notice.

**EFFECTIVE DATE:** May 29, 2001.

**FOR FURTHER INFORMATION CONTACT:**

Brian Smith or Brian Ledgerwood, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1766 or (202) 482-3836, respectively.

#### **The Applicable Statute**

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. In addition, unless otherwise indicated, all citations to the Department's regulations are to 19 CFR Part 351 (2000).

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On October 31, 2000, the Department received timely requests from Beijing Concord Auto Technology Inc. ("Concord"), Qingdao Meita Automotive Industry Co., Ltd. ("Meita"), and Shandong Laizhou Huanri Group General Co. ("Huanri General") for a new shipper review of this antidumping duty order in accordance with 19 CFR 351.214(c). In their requests for a new shipper review and in accordance with 19 CFR 351.214(b)(2)(i) and (iii)(A), Concord, Huanri General, and Meita each certified that it did not export the subject merchandise to the United States during the period covered by the original less-than-fair-value ("LTFV") investigation and that it is not affiliated with any company which exported the subject merchandise to the United States during the period of investigation ("POI"). Concord, Huanri General, and Meita also certified that their export activities are not controlled by the central government of the People's Republic of China ("PRC"). Pursuant to 19 CFR 351.214(b)(2)(iv), Concord, Huanri General, and Meita submitted documentation establishing the date on which the merchandise was first entered for consumption in the United States,

the volume of that first shipment, and the date of the first sale to an unaffiliated customer in the United States.

The Department initiated a new shipper review covering Concord, Huanri General, and Meita on November 20, 2000. *See Brake Rotors from the People's Republic of China: Initiation of New Shipper Antidumping Duty Review*, 65 FR 70695 (November 27, 2000).

On November 28, 2000, we issued a questionnaire to each PRC company listed in the brake rotor initiation notice. On December 5, 2000, the Department provided the parties an opportunity to submit publicly available information for consideration in these preliminary results. On December 28, 2000, Concord, Huanri General, and Meita requested an extension of time until January 19, 2001, to file their responses to the antidumping duty questionnaire, which the Department subsequently granted on December 29, 2000. On January 9, 2001, the petitioner<sup>1</sup> requested an extension of time until February 20, 2001, to submit publicly available information for consideration in the preliminary results, which the Department subsequently granted to all parties on January 16, 2001.

On January 25, 2001, the Department notified the respondents that it intended to conduct a verification of their responses to the antidumping duty questionnaire in this review and provided each respondent with a sample verification outline for purposes of familiarizing each company with the verification process. On January 19, 2001, each respondent submitted its questionnaire response.

Also on January 25, 2001, the Department issued supplemental questionnaires to each respondent. On February 5, 2001, each respondent requested an extension of time until February 23, 2001, to file its response to the supplemental questionnaire, which the Department subsequently granted on February 7, 2001. On February 23, 2001, each respondent submitted its supplemental questionnaire response.

On February 20, 2001, the respondents and the petitioner submitted publicly available information. On February 27, 2001, the respondents and the petitioner provided rebuttal comments on the publicly available information submitted by the other.

On March 2, 2001, the Department provided a verification outline to each

<sup>1</sup> The petitioner is the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers.

respondent. Also on March 2, 2001, the petitioner provided comments on the respondent's questionnaire responses for consideration by the Department. From March 9 through March 28, 2001, the Department conducted its verification of the information submitted by each respondent, in accordance with 19 CFR 351.307.

On April 24 and 27, 2001, the Department issued its verification reports. We provided parties with an opportunity to submit comments on our verification findings for consideration in these preliminary results (*see* April 25, 2001, Memorandum from Brian C. Smith, Team Leader, to the File and April 27, 2001, Memorandum from Brian E. Ledgerwood, Financial Analyst, to the File). On May 2 and 4, 2001, the parties submitted their comments on the Department's verification findings. On May 7, 2001, the petitioner submitted rebuttal comments.

### Scope of the Order

The products covered by this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under "one ton and a half," and light trucks designated as "one ton and a half."

Finished brake rotors are those that are ready for sale and installation without any further operations. Semifinished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles, and do not contain in the casting a logo of an original equipment manufacturer ("OEM") which produces vehicles sold in the United States (*e.g.*, General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in this order are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds

(less than 3.63 kilograms or greater than 20.41 kilograms).

Brake rotors are currently classifiable under subheading 8708.39.5010 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

### Period of Review

The period of review ("POR") covers April 1, 2000, through September 30, 2000.

### Verification

As provided in section 782(i)(2) of the Act, we verified information provided by each respondent. We used standard verification procedures, including on-site inspection of the manufacturer's facilities and examination of relevant sales and financial records. Our verification results are outlined in the verification report for each company (*see* April 24, 2001, Verification Report for Huanri General and Laizhou Huanri Automobile Parts Co., Ltd. ("Huanri Auto") in the Fifth Antidumping Duty New Shipper Review ("Huanri General verification report"), April 24, 2001, Verification Report for Concord and Yantai Mouping Hongli Machinery Factory ("Hongli") in the Fifth Antidumping Duty New Shipper Review ("Concord verification report"), and the April 27, 2001, Verification Report for Qingdao Meita Automotive Industry Co., Ltd. in the Fifth Antidumping Duty New Shipper Review ("Meita verification report") for further discussion).

### Partial Rescission of New Shipper Review

We are preliminarily rescinding, in part, the fifth new shipper review with respect to Concord because it failed to demonstrate at verification that it was entitled to a separate rate (*see* "Separate Rates" section below for further discussion).

### Separate Rates

In proceedings involving non-market-economy ("NME") countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty deposit rate (*i.e.*, a PRC-wide rate).

One respondent, Meita, is wholly foreign-owned. Thus, for Meita, a separate-rates analysis is not necessary to determine whether it is independent from government control (*see Notice of Final Determination of Sales at Less*

*Than Fair Value: Creatine Monohydrate from the People's Republic of China*, 64 FR 71104, 71105 (December 20, 1999).

With respect to the petitioner's May 4, 2001, contention that Meita should be denied a separate rate because it failed to provide its fiscal year ("FY") 2000 financial statements, no separate-rates analysis is necessary for Meita since it is wholly foreign-owned. As for Meita's inability to provide its FY 2000 financial statements, the Department's verification findings note that Meita was unable to provide these documents at verification because it had not prepared it as of the date of the verification. Reliance on its accounting records and source documentation (including bank statements) provided the Department with the necessary documentation to determine the accuracy of the data Meita submitted in its questionnaire response. Moreover, the Department does not consider a company not having a financial statement at verification (especially if the company's auditing period follows the Department's verification) to constitute grounds for automatic failure or evidence that its accounting records are unreliable. The Department cannot require the respondent to furnish financial documents that have not been created in the normal course of business as of the date of verification. Therefore, we find the petitioner's argument is without merit.

Huanri General claims that it is collectively owned by local villagers and Concord claims that it is owned by private PRC individuals. Thus, for these two companies, a separate-rates analysis is necessary to determine whether this exporter is independent from government control (*see Notice of Final Determination of Sales at Less Than Fair Value: Bicycles from the People's Republic of China* ("Bicycles") 61 FR 56570 (April 30, 1996)).

To establish whether a firm is sufficiently independent in its export activities from government control to be entitled to a separate rate, the Department utilizes a test arising from 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"), and 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"). Under the separate-rates criteria, the Department assigns separate rates in NME cases only if the respondent can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

### 1. De Jure Control

Huanri General has placed on the administrative record documents to demonstrate absence of *de jure* control, including the "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People," adopted on April 13, 1988 ("the Industrial Enterprises Law"); "The Enterprise Legal Person Registration Administrative Regulations," promulgated on June 13, 1988; the 1990 "Regulation Governing Rural Collectively-Owned Enterprises of PRC;" the 1992 "Regulations for Transformation of Operational Mechanisms of State-Owned Industrial Enterprises;" ("Business Operation Provisions"); and the 1994 "Foreign Trade Law of the People's Republic of China."

As in prior cases, we have analyzed these laws and have found them to establish sufficiently an absence of *de jure* control of companies "owned by the whole people," privately owned enterprises, joint ventures, stock companies including limited liability companies, and collectively owned enterprises. See, e.g., *Final Determination of Sales at Less than Fair Value: Furfuryl Alcohol from the People's Republic of China* ("Furfuryl Alcohol") 60 FR 22544 (May 8, 1995), and *Preliminary Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers from the People's Republic of China*, 60 FR 29571 (June 5, 1995).

In its May 2, 2001, submission, the petitioner included an August 28, 2000, article from the *International Herald Tribune* and an April 2, 2000, article from *AP Worldstream*, claiming that excerpts from these articles constituted evidence that the village committee members, who set up Huanri General, are chosen by the local PRC Communist Party branch or officials at the PRC town government level. After examining the information provided by the petitioner in the context of the laws we have examined in previous NME proceedings, we do not have a sufficient basis in this proceeding to conclude that the information provided by the petitioner constitutes grounds for conclusively determining that collectively owned companies (such as Huanri General) are controlled *de jure* by the PRC government because the information noted above does not directly relate to the company under review.

### 2. De Facto Control

As stated in previous cases, there is some evidence that certain enactments

of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. See *Silicon Carbide and Furfuryl Alcohol*. Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether the respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices are set by, or subject to the approval of, a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses (see *Silicon Carbide and Furfuryl Alcohol*).

Concord and Huanri General each asserted the following: (1) It establishes its own export prices; (2) it negotiates contracts without guidance from any governmental entities or organizations; (3) it makes its own personnel decisions; and (4) it retains the proceeds of its export sales, uses profits according to its business needs, and has the authority to sell its assets and to obtain loans.

With respect to Concord, as detailed in the Department's April 24, 2001, verification report at page three, Concord was unable to provide for the Department's review its bank statements for the POR. As a result, the Department was unable to determine the extent of Concord's deposit and withdrawal activity from its bank accounts or link the bank deposit and withdrawal receipts it did examine to entries reflected in the company's statements furnished by its banks.

As stated above, one of the Department's *de facto* criteria for determining whether an exporter is entitled to a separate rate is that the exporter must demonstrate that it retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses. In its May 4, 2001, submission, the respondent maintains that the Department was able to establish through an examination of source documentation (*i.e.*, bank receipts, voucher booklets, invoices,

etc.) at verification that Concord controlled the disposition of its sales proceeds and that, therefore, it had demonstrated a *de facto* absence of government control with respect to its export activities. However, contrary to the respondent's assertion, absent review of the company's bank statements for the POR, the Department was unable to ascertain whether Concord retained all of its proceeds from the sale of subject merchandise and made independent decisions regarding the disposition of profits or financing of losses. Specifically, without the bank statements, the Department could not confirm that all of Concord's secondary documentation (*i.e.*, bank receipts) was provided at verification and therefore could not confirm that the company met the above-mentioned *de facto* criterion. The Department could rely only on the bank receipts furnished by the company at verification to check whether the company retained its proceeds, rather than trace the amounts of those receipts to its bank accounts. Relying only on bank receipts without a reliable reference document with which to reconcile them is insufficient for purposes of testing the disposition of the company's proceeds. In this instance, because we were unable to reconcile Concord's bank receipts with an independent reference document such as a bank statement, we determined that the bank receipts were insufficient for the purposes of examining whether Concord controlled the disposition of its profits. Therefore, absent examination of a primary reference document (*e.g.*, the bank statement), the Department was unable to adequately verify Concord's claim.

As a result of not being able to provide critical documentation at verification for demonstrating an absence of *de facto* government control based on the separate-rates criteria outlined above, the Department preliminarily finds that Concord has not adequately demonstrated that it is not part of the NME entity. Therefore, we find that Concord is not entitled to a separate rate. As part of the NME entity, Concord is not entitled to a rate as a new shipper because the NME entity as a whole was subject to the LTFV investigation. For these reasons, we are preliminarily rescinding the new shipper review with respect to Concord.

As for Huanri General, the Department preliminarily finds that Huanri General has demonstrated a *de facto* absence of government control and is entitled to a separate rate for the several reasons. As detailed in the verification report and supported by documentation examined at verification,

Huanri General was set up by the Panjacun village committee through capital voluntarily provided by all of the inhabitants of Panjacun village. At verification, the Department further clarified that the members of the village committee were elected to the committee by the villagers who also provided the capital to set up Huanri General (see pages 5 and 7 of the Huanri General verification report). Data on the record establishes that the villagers are the long-term investors/shareholders in Huanri General and that the villagers determine via election the individuals who serve on the village committee. Further, the villagers have entrusted the village committee to decide how and when Huanri General's profits are to be distributed. In this case, the villagers have in fact elected a group within the same village (i.e., the village committee) to handle the business decisions and operation strategy of the company which is wholly owned by all the villagers, some of whom are also elected members of the village committee. Based on these facts, we conclude that the central government does not control Huanri General's export activities.

The petitioner contends in its May 2, 2001, submission that the village committee is a PRC government entity which has a financial relationship with the town government and that this link constitutes government control of Huanri General's operations. We have ruled in previous NME cases that companies which are either owned by local or provincial government entities or the managers of which are appointed by the provincial, not the central, government can also receive a separate rate if they sufficiently demonstrate that they are entitled to one based on the criteria set forth in *Sparklers* and amplified in *Silicon Carbide* and *Furfuryl Alcohol*. For example, in one NME case, the Department found that although, the local government owned an exporting company, that company elected its own management and was responsible for all decisions such as determining export prices, allocation and retention of profits on export sales, and negotiating export sales contracts (see *Chrome-Plated Lug Nuts from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 60 FR 42504, 42505 (August 16, 1995) ("*Lug Nuts*"). The Department also found in another NME case that, although the provincial government appointed the management of a company, that company was entitled to a separate rate because it was able to demonstrate that it solely performed the *de facto* activities noted

above and there was no evidence of significant government involvement in that company's business operations (see *Pure Magnesium from the People's Republic of China: Final Results of Antidumping Duty New Shipper Administrative Review*, 63 FR 3085, 3086 (January 21, 1998) ("*Pure Magnesium*").

With respect to Huanri General, the data on the record demonstrates that, unlike the situations which existed in *Lug Nuts* and *Pure Magnesium*, we have no evidence that this company is owned by the town government or that its management is appointed by the town government. Rather, this company is ultimately owned by the villagers of Panjacun village. Moreover, the president of the company (who is also the company's legal representative on the company's business license and was elected by the villagers as the chairman of the village committee) appoints the managers. Consistent with the facts in *Pure Magnesium* and *Lug Nuts*, Huanri General in this case has also demonstrated that it is responsible for all decisions such as determining export prices, allocation and retention of profits on export sales, and negotiating export sales contracts. Although the village committee actually decides how the company's profits are to be distributed, we do not find that the village committee constitutes a form of central or provincial government control over the company, especially since all of the village committee members are investors in the company.

We also are not convinced by the petitioner's argument that the village committee's dealings with the town government constitute evidence that the town government controls both the village committee's and Huanri General's operations. Based on our examination of the village committee's financial records at verification, we found that the village committee is an entity which simply pays infrastructure taxes to the town government and to which the town government owes money (see page 6 of the Huanri General verification report). Thus, in this case, the town government is a debtor to the village committee. These activities are no different than those of any company paying its taxes and operating a business without government interference in the PRC. Moreover, the information provided by Huanri General in its response and amplified and/or clarified at verification supports a preliminary finding that there is *de facto* absence of governmental control of the export functions of Huanri General. See *Pure Magnesium from the People's Republic of China: Preliminary Results*

*of Antidumping Duty New Shipper Administrative Review*, 62 FR 55215 (October 23, 1997). Consequently, we have preliminarily determined that Huanri General has met the criteria for the application of separate rates.

#### Fair Value Comparisons

To determine whether sales of the subject merchandise by Huanri General and Meita to the United States were made at LTFV, we compared the export price to the normal value, as described in the "Export Price" and "Normal Value" sections of this notice, below.

#### Export Price

We used export price methodology in accordance with section 772(a) of the Act because the subject merchandise was sold by the exporter directly to an unaffiliated customer in the United States prior to importation and constructed export price was not otherwise indicated.

For both respondents, we calculated export price based on packed, FOB foreign port prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight and foreign brokerage and handling charges in the PRC, in accordance with section 772(c) of the Act. Because foreign inland freight and foreign brokerage and handling fees were provided by PRC service providers or paid for in renminbi, we based those charges on surrogate rates from India (see "Surrogate Country" section below for further discussion of our surrogate-country selection). To value foreign inland trucking charges, we used a November 1999 average truck freight value based on price quotes from Indian trucking companies. We used this rate most recently in the fourth new shipper review of brake rotors from the PRC (see *Brake Rotors from the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review*, 66 FR 27063 (May 16, 2001) (which cites to *Brake Rotors from the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review*, 66 FR 1303, 1308 (January 8, 2001)) ("*Brake Rotors Fourth New Shipper Review*"). To value foreign brokerage and handling expenses, we relied on public information reported in the 1997-1998 antidumping duty new shipper review of stainless steel wire rod from India (see also *Brake Rotors Fourth New*

*Shipper Review*). Based on our verification findings, we revised the reported distance from Huanri General's supplier factory, Huanri Auto, to the port of exportation (*see* page 16 of the Huanri General verification report).

### Normal Value

#### A. Non-Market-Economy Status

In every case conducted by the Department involving the PRC, the PRC has been treated as a NME country. Pursuant to section 771(18)(C)(i) of the Act, any determination that a foreign country is a NME country shall remain in effect until revoked by the administering authority (*see Notice of Preliminary Results of Antidumping Duty Administrative Review and New Shipper Reviews, Partial Rescission of the Antidumping Duty Administrative Review, and Rescission of a New Shipper Review: Freshwater Crawfish Tail Meat From the People's Republic of China*, 65 FR 60399, 60404 (October 11, 2000).) None of the parties to this proceeding has contested such treatment. Accordingly, we calculated normal value in accordance with section 773(c) of the Act, which applies to NME countries.

#### B. Surrogate Country

Section 773(c)(4) of the Act requires the Department to value a NME producer's factors of production, to the extent possible, in one or more market-economy countries that (1) are at a level of economic development comparable to that of the NME country, and (2) are significant producers of comparable merchandise. India and Indonesia are among the countries comparable to the PRC in terms of overall economic development (*see* December 4, 2000, Memorandum from the Office of Policy to Brian C. Smith, Team Leader). In addition, based on publicly available information placed on the record, India is a significant producer of the subject merchandise. Accordingly, we considered India the primary surrogate country for purposes of valuing the factors of production because it meets the Department's criteria for surrogate-country selection. Where we could not find surrogate values in India, we used values from Indonesia.

#### C. Factors of Production

In accordance with section 773(c) of the Act, we calculated normal value based on the factors of production which included, but were not limited to: (A) Hours of labor required; (B) quantities of raw materials employed; (C) amounts of energy and other utilities consumed; and (D) representative

capital costs, including depreciation. We used the factors reported by Huanri Auto and Meita which produced the brake rotors exported to the United States by Huanri General and Meita, respectively, during the POR. To calculate normal value, we multiplied the reported unit factor quantities by publicly available Indian or Indonesian values.

Based on our verification findings at Huanri General and Huanri Auto, we found that Huanri Auto used an additional packing material (*i.e.*, tin clamps) to pack the subject merchandise for exportation and used lugs and bearing cups for one of its brake rotor models. We accounted for these items in our factors analysis. In addition, we revised the following data in Huanri General's and Huanri Auto's response: (1) The reported per-unit weight for one brake rotor model; (2) the reported per-unit factor amounts for all material, energy, and labor inputs based on revisions to the total POR production quantity figure<sup>2</sup> for brake rotors and per-unit weights of certain brake rotor models; (3) the per-unit factor amounts for steel strap for each brake rotor model reported in the Section D response; and (4) the distances from Huanri Auto to certain of its suppliers (*see* pages 18, 19, 22 through 25 of the Huanri General verification report and May 21, 2001, Memorandum from Case Analyst to the File).

Based on our verification findings at Meita, we found that the factory used an additional packing material (*i.e.*, clamps) to pack the subject merchandise for exportation which we accounted for in our factors analysis. We also revised the following data reported in Meita's response: (1) The per-unit factor amounts for steel strap for each brake rotor model; (2) the reported per-unit factor amounts for all four labor inputs; and (3) the distances from Meita to certain of its suppliers (*see* verification exhibit 0 and pages 18 and 20 of the Meita verification report and May 21, 2001, Memorandum from Case Analyst to the File).

In its May 2, 2001, comments, the petitioner claims that the extent and magnitude of the Department's corrections to Huanri General's data based on verification (1) constitute major corrections; (2) represent an

<sup>2</sup> In order to derive the per-unit consumption amount for each factor of production as reported in the Section D response, the respondent first derived a factor-specific allocation factor by dividing the total POR factor consumption over the total POR production weight. The respondent then multiplied the factor-specific allocation factor by the per-unit weight of each brake rotor model to arrive at the per-unit consumption amount for each factor on a brake rotor model-specific basis.

attempt by Huanri General to reconstruct its response; (3) undermine the integrity of the company's overall response; and (4) constitute grounds for resorting to adverse facts available in this situation. After considering the totality of the corrections identified above for Huanri General and the circumstances under which those errors were made, we find that the (1) above-mentioned errors were inadvertent and common in nature; and (2) the corrections had no meaningful impact on our calculation of normal value for Huanri General.

We selected surrogate values for this review based on the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices to make them delivered prices. For those values not contemporaneous with the POR and quoted in a foreign currency, we adjusted for inflation using wholesale price indices published in the International Monetary Fund's *International Financial Statistics*.

To value pig iron, steel and iron scrap, ferrosilicon, and ferromanganese, limestone, and lubrication oil, we used April 1998–March 1999 average import values from the Indian government publication *Monthly Statistics of the Foreign Trade of India* ("*Monthly Statistics*").

One of the brake rotor models which Huanri Auto made during the POR used lug bolts and ball bearing cups (*see* discussion above). Because we could not obtain a product-specific price from India to value lug bolts, we used a January–March 1999 product-specific import value from the Indonesian government publication *Foreign Trade Statistical Bulletin* (*see Bicycles*, 61 FR at 19040 (Comment 17)). To value ball bearing cups, we used an April 1998–December 1998 average import value from *Monthly Statistics*.

To value coking coal, we used an April 1998–August 1998 average import price from *Monthly Statistics*. We also added an amount for loading and additional transportation charges associated with delivering coal to the factory based on June 1999 Indian price data contained in the periodical *Business Line*. For firewood, we used an April 1997–March 1998 average import value from *Monthly Statistics* rather than a 1991 domestic value from the Food and Agricultural Organization of the United Nations' working paper *Wood Materials from Non-Forest Areas* (which we used in *Brake Rotors Fourth New Shipper Review*) because *Monthly Statistics* provided a more contemporaneous value for firewood. To value electricity, we used data from the Indian publications *1995 Conference of*

*Indian Industries: Handbook of Statistics and The Center for Monitoring Indian Economy and the methodology used in two recent NME cases. (See Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review, 65 FR 46691, 46692 (July 31, 2000); Manganese Metal from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 65 FR 30067, 30068 (May 10, 2000); and Preliminary Results Valuation Memorandum for further discussion.)*

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

To value selling, general, and administrative ("SG&A") expenses, factory overhead, and profit, we used the 1998 financial data of Jayaswals Neco Limited and the 1998–1999 financial data of Kalyani Brakes Limited and Rico Auto Industries Limited.

Where appropriate, we removed from the surrogate overhead and SG&A calculations the excise duty amount listed in the financial reports (see *Brake Rotors Investigation*, 62 FR 9164). We made certain adjustments to the ratios calculated as a result of reclassifying certain expenses contained in the financial reports. In utilizing the financial data of the Indian companies, we treated the line item labeled "stores and spares consumed" as part of factory overhead because stores and spares are not direct materials consumed in the production process. Based on publicly available information, we considered molding materials (*i.e.*, sand, bentonite, coal powder, steel pellets, lead powder, and waste oil) to be indirect materials included in the "stores and spares consumed" category of the financial statements. We based our factory overhead calculation on the cost of manufacturing. We also included interest and/or financial expenses in the SG&A calculation. In addition, we only reduced interest and financial expenses by amounts for interest income if the Indian financial report noted that the income was short-term in nature. Where a company did not distinguish interest income as a line item within total "other income," we used the ratio of interest income to total other income as reported for the Indian metals industry in the *Reserve Bank of India Bulletin* to calculate the interest income amount. For example, if an Indian company's financial statement indicated that the company had miscellaneous receipts or other income under the general category "other income," we applied a ratio (based on data contained in *Reserve*

*Bank of India Bulletin*) to the figure for miscellaneous receipts or other income in the financial statement to determine the amount associated with short-term interest income. To avoid double-counting, we treated the line item "packing, freight, and delivery charges" as expenses to be valued separately. Specifically, to determine the packing expense, we used Huanri General's and Meita's reported packing material factors. For a further discussion of other adjustments made, see the Preliminary Results Valuation Memorandum.

All inputs were shipped by truck. Therefore, to value PRC inland freight, we used a November 1999 average truck freight value based on price quotes from Indian trucking companies.

In accordance with the decision of the Court of Appeals for the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401 (1997), we revised our methodology for calculating source-to-factory surrogate freight for those material inputs that are valued based on CIF import values in the surrogate country. Therefore, on an input-specific basis, we have added to CIF surrogate values from India a surrogate freight cost using the shorter of the reported distances from (1) the closest PRC port of importation to the factory or (2) the domestic supplier to the factory.

To value corrugated cartons, plastic bags and sheet, nails, tape, and steel strap, we used April 1998–March 1999 average import values from *Monthly Statistics*. Because we could not obtain a non-aberrational and/or current price from India to value pallet wood, we used a 1998 import value from the Indonesian government publication *Foreign Trade Statistical Bulletin*. (See *Brake Rotors Fourth New Shipper Review*, which cites to Issues and Decision Memorandum from Richard W. Moreland, Deputy Assistant Secretary for Import Administration, to Bernard T. Carreau, fulfilling the duties of Assistant Secretary for Import Administration, dated May 8, 2001 (Comment 3).) We did not use the pallet wood values obtained after March 1996 from *Monthly Statistics* because they appeared aberrational relative to the overall value of the subject merchandise.

At verification, the respondents informed us that they also use tin clamps to fasten the steel straps around the brake rotors (see discussion above, page 22 of the Huanri General verification report, and page 18 of the Meita verification report). Therefore, to value tin clamps, we used an April 1998–February 1999 average import value from *Monthly Statistics*.

### Preliminary Results of the Review

We preliminarily determine that the following margins exist for Huanri General and Meita during the period April 1, 2000, through September 30, 2000:

Manufacturer/producer/exporter	Margin percent
Shandong Laizhou Huanri Group General Co .....	0.00
Qingdao Meita Automotive Industry Co., Ltd .....	0.00

We will disclose the calculations used in our analysis to parties to this proceeding within five days of the date of publication of this notice.

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, Room B-099, within 30 days of the date of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. See 19 CFR 351.310(c). Any hearing, if requested, will be held approximately 44 days after the publication of this notice. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Issues raised in the hearing will be limited to those raised in case briefs and rebuttal briefs. Case briefs from interested parties may be submitted not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, will be due not later than 37 days after the date of publication of this notice. Parties who submit case briefs or rebuttal briefs in this proceeding 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.

The Department will issue the final results of this new shipper review, including the results of its analysis of issues raised in any such written briefs or at the hearing, if held, not later than 90 days after the date of issuance of this notice.

### Assessment Rates

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. Pursuant to 19 CFR 351.212(b)(1), we will calculate importer-specific *ad valorem* duty assessment rates based on

the ratio of the total amount of the dumping margins calculated for the examined sales to the total entered value of those same sales. In order to estimate the entered value, we will subtract applicable movement expenses from the gross sales value. In accordance with 19 CFR 351.106(c)(2), we will instruct Customs to liquidate without regard to antidumping duties all entries of subject merchandise during the POR from Huanri General and Meita for which the importer-specific assessment rate is zero or *de minimis* (i.e., less than 0.50 percent). For entries subject to the PRC-wide rate, Customs shall assess *ad valorem* duties at the rate established in the LTFV investigation. The Department will issue appropriate appraisal instructions directly to Customs upon completion of this review.

#### Cash Deposit Requirements

Upon completion of this new shipper review, for entries from Huanri General and Meita, we will require cash deposits at the rates established in the final results pursuant to 19 CFR 351.214(e) and as further described below.

The following deposit requirements will be effective upon publication of the final results of this new shipper antidumping duty administrative review for all shipments of brake rotors from the PRC 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 rates for Huanri General and Meita will be the rates established in the final results; (2) the cash deposit rate for PRC exporters who received a separate rate in a prior segment of the proceeding will continue to be the rate assigned in that segment of the proceeding; (3) the cash deposit rate for the PRC NME entity (including Concord) will continue to be 43.32 percent; and (4) the cash deposit rate for non-PRC exporters 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 to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) 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 new shipper administrative review and notice are in accordance with section 751(a)(1) and (2)(B) of the Act (19 U.S.C. 1675(a)(1) and (2)(B)) and 19 CFR 351.214.

Dated: May 21, 2001.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

[FR Doc. 01-13406 Filed 5-25-01; 8:45 am]

**BILLING CODE 3510-DS-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-588-845]

#### Notice of Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From Japan

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

**ACTION:** Notice of extension of time limit for the preliminary results of the antidumping duty administrative review of stainless steel sheet and strip in coils from Japan.

**SUMMARY:** On September 6, 2000, the Department of Commerce ("Department") published a notice of initiation of an antidumping duty review of stainless steel sheet and strip in coils from Japan. The Department of Commerce ("Department") is extending the time limit for the preliminary results of the review, which covers the period January 4, 1999 through June 30, 2000.

**EFFECTIVE DATE:** May 29, 2001.

#### FOR FURTHER INFORMATION CONTACT:

Juanita H. Chen at 202-482-0409; Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230.

#### SUPPLEMENTARY INFORMATION:

#### The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("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. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

#### Extension of Time Limit for Preliminary Results

On September 6, 2000, the Department published its notice of initiation of an antidumping duty review of the antidumping duty order on stainless steel sheet and strip in coils from Japan. See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part, 65 FR 53980, 53981 (September 6, 2000). On January 31, 2001, the Department published its notice partially extending the time limit for the preliminary results of the review by 90 days. See Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from Japan, 66 FR 8385 (January 31, 2001). Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of the preliminary results of a review if it determines that it is not practicable to complete the preliminary results within the statutory time limit of 245 days after the date on which the review is initiated. The Department has determined that it is not practicable to complete the preliminary results of the review within that statutory time limit. See Memorandum from Edward C. Yang to Joseph A. Spetrini (May 21, 2001).

Therefore, in accordance with section 751(a)(3)(A) of the Act, the Department is extending the time limit for the preliminary results by 30 days until July 31, 2001.

Dated: May 21, 2001.

**Joseph A. Spetrini,**

*Deputy Assistant Secretary, AD/CVD Enforcement Group III.*

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**BILLING CODE 3510-DS-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-588-854]

#### Certain Tin Mill Products From Japan: Notice of Initiation of Changed Circumstances Review of the Antidumping Duty Order

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

**ACTION:** Notice of initiation of changed circumstances review.

**SUMMARY:** In accordance with 19 CFR 351.216(b), Weirton Steel and the Independent Steelworkers Union, interested parties in this proceeding, requested a changed circumstances