DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–879]

Polyvinyl Alcohol From the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review

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

SUMMARY: The Department of Commerce (the Department) is conducting the administrative review of the antidumping duty order on polyvinyl alcohol (PVA) from the People's Republic of China (PRC) covering the period October 1, 2004, through September 30, 2005. We have preliminarily determined that sales have not been made below normal value (NV). If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to liquidate the appropriate entries without regard to antidumping duties.

Interested parties are invited to comment on these preliminary results. We will issue the final results no later than 120 days from the date of publication of this notice.

DATES: *Effective Date:* July 7, 2006.

FOR FURTHER INFORMATION CONTACT: Jill Pollack, AD/CVD Operations, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4593.

SUPPLEMENTARY INFORMATION:

Background

On October 3, 2005, the Department published a notice of opportunity to request an administrative review of the antidumping duty order on PVA from the PRC for the period October 1, 2004, through September 30, 2005. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review,* 70 FR 57558 (Oct. 3, 2005). On October 26, 2005, the Department received a request to conduct an administrative review of the antidumping duty order on PVA from the PRC from Sinopec Sichuan Vinylon Works (SVW), a producer and exporter of the subject merchandise. On October 27, 2005, Celanese Chemicals, Ltd. and E.I. DuPont de Neumours & Co. (collectively ''the petitioners'') also requested a review of SVW. On December 1, 2005, the Department published in the **Federal Register** a notice of the initiation of the antidumping duty administrative review of PVA from the PRC for the period October 1, 2004, through September 30, 2005. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Deferral of Administrative Reviews,* 70 FR 72107 (Dec. 1, 2005).

In December 2005, the Department issued the antidumping duty questionnaire to SVW. We received SVW's responses to this questionnaire in January and February 2006.

On February 15, 2006, the Department invited interested parties to comment on surrogate country selection and to provide publicly available information for valuing the factors of production.

In March 2006, we issued a supplemental section A questionnaire to SVW. We received SVW's response to this supplemental questionnaire in March 2006.

In April 2006, we issued a supplemental section C and D questionnaire to SVW. We received SVW's response to this section C and D supplemental questionnaire in April 2006.

On May 4, 2006, we received comments on surrogate country selection and information for valuing the factors of production from SVW and Solutia, Inc., a domestic interested party. We did not receive comments from the petitioners on surrogate country selection or the valuation of factors of production.

Also in May 2006, we issued a second supplemental section C and D questionnaire to SVW. We received SVW's response to this questionnaire in May 2006.

In May and June 2006, we requested additional information related to the purity levels of reported inputs and the various grades of finished PVA. We received SVW's response to these requests in June 2006.

Period of Review

The period of review (POR) is October 1, 2004, through September 30, 2005.

Scope of Order

The merchandise covered by this order is PVA. This product consists of all PVA hydrolyzed in excess of 80 percent, whether or not mixed or diluted with commercial levels of defoamer or boric acid, except as noted below.

The following products are specifically excluded from the scope of this order:

(1) PVA in fiber form.

(2) PVA with hydrolysis less than 83 mole percent and certified not for use in the production of textiles.

(3) PVA with hydrolysis greater than 85 percent and viscosity greater than or equal to 90 cps.

(4) PVA with a hydrolysis greater than 85 percent, viscosity greater than or equal to 80 cps but less than 90 cps, certified for use in an ink jet application.

(5) PVA for use in the manufacture of an excipient or as an excipient in the manufacture of film coating systems which are components of a drug or dietary supplement, and accompanied by an end-use certification.

(6) PVA covalently bonded with cationic monomer uniformly present on all polymer chains in a concentration equal to or greater than one mole percent.

(7) PVA covalently bonded with carboxylic acid uniformly present on all polymer chains in a concentration equal to or greater than two mole percent, certified for use in a paper application.

(8) PVA covalently bonded with thiol uniformly present on all polymer chains, certified for use in emulsion polymerization of non-vinyl acetic material.

(9) PVA covalently bonded with paraffin uniformly present on all polymer chains in a concentration equal to or greater than one mole percent.

(10) PVA covalently bonded with silan uniformly present on all polymer chains certified for use in paper coating applications.

(11) PVA covalently bonded with sulfonic acid uniformly present on all polymer chains in a concentration level equal to or greater than one mole percent.

(12) PVA covalently bonded with acetoacetylate uniformly present on all polymer chains in a concentration level equal to or greater than one mole percent.

(13) PVA covalently bonded with polyethylene oxide uniformly present on all polymer chains in a concentration level equal to or greater than one mole percent.

(14) PVA covalently bonded with quaternary amine uniformly present on all polymer chains in a concentration level equal to or greater than one mole percent.

(15) PVA covalently bonded with diacetoneacrylamide uniformly present on all polymer chains in a concentration level greater than three mole percent, certified for use in a paper application.

The merchandise subject to this order is currently classifiable under subheading 3905.30.00 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.

Nonmarket Economy Country Status

In every case conducted by the Department involving the PRC, the PRC has been treated as a non-market economy (NME) country. In accordance with section 771(18)(C)(i) of the Tariff Act of 1930, as amended (the Act), any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (Feb. 14, 2003); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 70488 (Dec. 18, 2003) (unchanged in the final results). None of the parties to this proceeding has contested such treatment. Accordingly, we calculated NV in accordance with section 773(c) of the Act, which applies to NME countries.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV on the NME producer's factors of production, valued in a surrogate market-economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the factors of production, the Department shall utilize, to the extent possible, the prices or costs of factors of production in one or more market-economy countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.

The Department has determined that India, Sri Lanka, Indonesia, Philippines, and Egypt are countries comparable to the PRC in terms of economic development. *See* the February 9, 2006, memorandum from Ron Lorentzen, Director, Office of Policy, to Irene Darzenta Tzafolias, Acting Director, Office 2, entitled, ''Antidumping Duty Administrative Review of Polyvinyl Alcohol from the People's Republic of China (PRC): Request for a List of Surrogate Countries.'' Customarily, we select an appropriate surrogate country based on the availability and reliability of data from the countries that are significant producers of comparable merchandise. For PRC cases, the primary surrogate country has often been India if it is a significant producer of comparable merchandise. In this case, we found that India is a significant producer of comparable merchandise. *See* the June 6, 2006, memorandum to the file from Jill Pollack, Senior Analyst, entitled ''Second Administrative Review of the Antidumping Duty Order on Polyvinyl Alcohol from the People's Republic of China: Selection of a Surrogate Country.''

The Department used India as the primary surrogate country and, accordingly, calculated NV using Indian prices to value the PRC producer's factors of production, when available and appropriate. The sources of the surrogate factor values are discussed under the ''Normal Value'' section below and in the June 30, 2006, memorandum from Jill Pollack to the file entitled, ''Preliminary Results of Review of the Antidumping Duty Order on Polyvinyl Alcohol from the People's Republic of China: Factor Valuation Memorandum'' (the Factor Valuation Memorandum). We obtained and relied upon publicly available information wherever possible.

In accordance with 19 CFR 351.301(c)(3)(ii), for the final results of an administrative review, interested parties may submit publicly available information to value factors of production within 20 days after the date of publication of these preliminary results.

Separate Rates

In an NME proceeding, the Department presumes that all companies within the country are subject to government control and should be assigned a single antidumping duty rate unless the respondent demonstrates the absence of both *de jure* and *de facto* government control over its export activities. *See Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China*, 61 FR 19026 (Apr. 30, 1996). SVW provided company-specific separate rates information and stated that it met the standards for the assignment of a separate rate. In determining whether a company should receive a separate rates, the Department focuses its attention on the exporter, in this case SVW, rather than the manufacturer. *See Notice of Final Determination of Sales at Less Than Fair Value: Manganese Metal from the People's Republic of China*, 60 FR 56045 (Nov. 6, 1995).

The Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991), as modified by, *Notice of 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 from the PRC*). The Department's separate rate test is not concerned, in general, with macroeconomic, border-type controls (*e.g.*, export licenses, quotas, and minimum export prices), particularly if these controls are imposed to prevent dumping. The test focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2003–2004 Administrative Review and Partial Rescission of Review*, 71 FR 2517 (Jan. 17, 2006) (*Tapered Bearings 2003–2004 Administrative Review*).

SVW has provided separate rates information in its section A questionnaire response. SVW has stated that there is no element of government control over its export activities and has requested a separate, company-specific rate.

A. Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual exporter may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; and (2) any legislative enactments decentralizing control of companies.

SVW has placed on the record statements and documents to demonstrate absence of *de jure* control. In its questionnaire responses, SVW reported that, other than abiding by government laws and regulations, which includes paying taxes, it has no relationship with any level of the PRC government. *See* page A–3 of SVW's January 26, 2006, Section A questionnaire response. SVW submitted a copy of the Foreign Trade Law of the PRC to demonstrate that there is no centralized control over its export activities. *See* Attachment A–1 of the January 26 response. SVW also confirmed that the subject merchandise is not subject to export quotas or export control licenses. *See* pages A–5 and A–6 of January 26 response. SVW reported that it is required to obtain a business license, which is issued by the Chongqing Municipal Industry and Commerce Administration. *See* page A–4 of the January 26 response. We

examined the laws and SVW's business license, which it provided in its questionnaire responses, and determined that these documents demonstrate an authority for establishing the absence of *de jure* control over the export activities of SVW and provide evidence demonstrating the absence of government control associated with SVW's business license. *See Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544 (May 8, 1995).

B. Absence of 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 Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from the People's Republic of China*, 63 FR 72255 (Dec. 31, 1998). Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates.

The Department typically considers four factors in evaluating whether a particular exporter is subject to *de facto* government control of its export functions: (1) Whether the exporter sets its own export prices independent of the government and without the approval of a government authority; (2) whether the exporter has authority to negotiate and sign contracts, and other agreements; (3) whether the exporter has autonomy from the government in making decisions regarding the selection of its management; and (4) whether the exporter retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses.

In support of demonstrating an absence of *de facto* control, SVW provided documentation, where appropriate, to support the following assertions: (1) SVW established its own export prices; (2) SVW negotiated contracts without guidance from any government entities or organizations; (3) SVW made its own personnel decisions; and (4) SVW retained the proceeds of its export sales and independently used profits according to its business needs. *See* pages A–6 through A–9 of the January 26 response. Additionally, SVW's section A questionnaire response indicates that it does not coordinate with other exporters in setting prices. *See* page A–6 of the January 26 response. SVW also stated that it is an independent entity responsible for its own profits and losses. *See* page A–3 of the January 26 response. This information supports a preliminary finding that there is an absence of *de facto* government control of the export functions of SVW. Consequently, we preliminarily determine that SVW has met the *de facto* criteria for the application of a separate rate.

The evidence placed on the record of this administrative review by SVW demonstrates an absence of government control, both in law and in fact, with respect to its exports of the merchandise under review. As a result, for the purposes of these preliminary results, the Department is granting a separate, company-specific rate to SVW, the exporter which shipped the subject merchandise to the United States during the POR.

Normal Value Comparisons

To determine whether sales of PVA to the United States by SVW were made at less than NV, we compared export price (EP) to NV, as described in the ''Export Price'' and ''Normal Value'' sections of this notice.

Export Price

In accordance with section 772(a) of the Act, EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated market-economy purchaser for exportation to the United States, as adjusted under section 772(c) of the Act. In accordance with section 772(a) of the Act, we used EP for all of SVW's U.S. sales because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and because constructed export price was not otherwise indicated for those transactions.

We calculated EP for SVW based on FOB port prices to unaffiliated purchaser(s) in the United States. We made deductions from the U.S. sale price for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included foreign inland freight from the plant to the port of exportation and domestic brokerage and handling charges. For valuation of these services provided by NME suppliers, see the June 30, 2006, memorandum to the file from Jill Pollack entitled, ''U.S. Price and Factors of Production Adjustments for the Preliminary Results'' (Preliminary Calculation Memorandum). *See also* the Factor Valuation Memorandum.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine 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 under section 773(a) of the Act. Factors of production include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. Our general policy, consistent with section 773(c)(1)(B) of the Act, is to value the factors of production that a respondent uses to produce the subject merchandise, based on the best available information regarding the values of such factors in a market economy country. *See Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986 (Jan. 31, 2003); *Notice of Final Antidumping Duty Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003) (unchanged in the final determination).

In accordance with section 773(c) of the Act, we calculated NV based on the factors of production reported by SVW for the POR for materials, energy, labor, by-products, and packing. As the basis for NV, SVW reported factors-of-production information for each separate stage of production, including the factors used in the production of all self-produced material and energy inputs, and by-products. We have valued the factors reported for each self-produced input for purposes of the preliminary results, in accordance with our practice. *See Notice of Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from the People's Republic of China*, 68 FR 47538 (Aug. 11, 2003) (*Polyvinyl Alcohol from the PRC Investigation*); *Polyvinyl Alcohol From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 27991 (May 15, 2006) (*Polyvinyl Alcohol 2003–2004 Review*).

In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information in the surrogate country to

value factors of production, but when a producer sources an input from a market economy and pays for it in market-economy currency, the Department will normally value the factor using the actual price paid for the input. *See* 19 CFR 351.408(c)(1); *see also Lasko Metal Products* v. *United States*, 43 F.3d 1442, 1445–1446 (Fed. Cir. 1994). However, when the surrogate values come from an NME country or where the Department has reason to believe or suspect that such prices may be distorted by subsidies, the Department will disregard the market-economy purchase prices and use surrogate values to determine the NV. *See Tapered Bearings 2003–2004 Administrative Review*.

SVW reported that all of its inputs were sourced from NMEs and paid for in an NME currency. *See* the Factor Valuation Memorandum for a list of these inputs. Therefore, we did not use respondents' actual prices for any NME purchases.

Factor Valuations

To calculate NV, we multiplied the reported per-unit factor quantities by publicly available Indian surrogate values, except as noted below. In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. Specifically, we added to the Indian import surrogate values a surrogate freight cost calculated using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest port of export to the factory. This adjustment is in accordance with the decision of the Court of Appeals for the Federal Circuit in *Sigma Corp.* v. *United States*, 117 F. 3d 1401 (Fed. Cir. 1997). For a detailed description of all surrogate values used for the respondent, see the Factor Valuation Memorandum.

It is the Department's practice to date that, where the facts developed in U.S. or third-country countervailing duty findings include the existence of subsidies that appear to be used generally (in particular, broadly available, non-industry-specific export subsidies), it is reasonable for the Department to consider that it has particular and objective evidence to support a reason to believe or suspect that prices of the inputs from the country granting the subsidies may be subsidized. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Final Results of the 1998–1999 Administrative Review, Partial Rescission of Review, and Determination Not to Revoke Order in Part*, 66 FR 1953 (Jan. 10, 2001) and accompanying Issues and Decision Memorandum at Comment 1; *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Final Results of 1999–2000 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part*, 66 FR 57420 (Nov. 15, 2001) and accompanying Issues and Decision Memorandum at Comment 1; and *China National Machinery Imp & Exp. Corp.* v. *United States,* 293 F. Supp. 2d 1334, 1339 (CIT 2003). Therefore, in instances where we relied on Indian import data to value inputs, in accordance with the Department's practice, we excluded imports from both NME countries and Indonesia, Thailand and the Republic of Korea to value the factors of production.

In its section D questionnaire response, SVW allocated the raw material inputs for producing acetylene and acetylene tail gas using a heat of combustion methodology. For the preliminary results of this review, we have reallocated the raw material inputs for producing acetylene and acetylene tail gas based on the market value of these products rather than the heat of combustion. We note that the Department used a market value-based reallocation of raw material inputs for the production of acetylene and acetylene tail gas in the prior segments of this proceeding. *See Polyvinyl Alcohol from the PRC Investigation* at Comment 3; *Polyvinyl Alcohol 2003–2004 Review* at Comment 1. Further, the use of this methodology in this proceeding has been affirmed by the Court. *See Sinopec Sichuan Vinylon Works* v. *United States*, 366 F. Supp. 2d 1339, 1347–1348 (CIT 2005) (*Sinopec* v. *United States*). For additional information, *see* the Preliminary Calculation Memorandum.

We valued D-tartaric acid, sodium hexametaphosphate, sodium nitrite, sulfuric acid, sodium carbonate, caustic soda, liquid caustic soda, hydroquinone, N-butyl acetate, hydrochloric acid, zinc sulfate, phosphoric acid (anti-precipitate), freon, and zinc oxide using Indian domestic market prices reported in *Chemical Weekly*, contemporaneous with the POR. We valued azodisisobutyronitrile, bacteria killer, de-sulfur agent, solid activated carbon, quinone, liquid chlorine, poly ferrosulfate, liquid ammonia, and acetic acid using India import statistics as published by the *World Trade Atlas*, contemporaneous with the POR. *See id.*

We valued natural gas using a price obtained from the Web site of the Gas Authority of India Ltd., a supplier of natural gas in India, contemporaneous with the POR. For further discussion, *see id.*

We valued steam coal using the 2003/2004 Tata Energy Research Institute's Energy Data Directory & Yearbook (TERI Data). *See id.*

To value paper bags and polyethylene plastic bags (*i.e.*, the packing materials reported by the respondent), we used import values from the *World Trade Atlas*, contemporaneous with the POR. *See id.*

Regarding N-methyl-2pydrolidone, industrial grade salt, chlorine dioxide, and anti-erosion agent, reported by SVW, we did not value these factors because: (1) Surrogate value information was not available; and (2) the materials were reported as being used in minimal amounts. In previous cases, where certain materials were reportedly consumed in very small amounts and the surrogate values for these materials were not available, the Department did not include surrogate values for these materials in its calculation of NV. *See Polyvinyl Alcohol from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 70 FR 67434, 67439 (Nov. 7, 2005) (unchanged in the final results); *Synthetic Indigo from the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000) and the accompanying Issues and Decision Memorandum at Comment 8; *Ferrovanadium and Nitrided Vanadium from the Russian Federation: Notice of Final Results of Antidumping Duty Administrative Review*, 62 FE 65656 (Dec. 15, 1997) and the accompanying Issues and Decision Memorandum at Comment 11; and *Final Determination of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans from the People's Republic of China*, 56 FR 55273 (Oct. 25, 1991).

For direct labor, indirect labor, and packing labor, consistent with 19 CFR 351.408(c)(3), we used the PRC regression-based wage rate as reported on Import Administration's website, Expected Wages of Selected NME Countries, revised in November 2005, *http://ia.ita.doc.gov/wages/03wages/110805–2003-Tables/03wages-110805.html#table1*. The source of these wage rate data on the Import Administration's Web site is the Yearbook of Labour Statistics 2002, ILO (Geneva: 2002), Chapter 5B: Wages in Manufacturing. Because this regression-based wage rate does not separate the labor rates into different skill levels or types of labor, we have applied the same wage rate to all skill levels and types of

labor reported by the respondent. *See* the Preliminary Calculation Memorandum.

To determine factory overhead, depreciation, selling, general, and administrative expenses, interest expenses, and profit for the finished product, we relied on rates derived from the financial statements of Jubilant Organosys Ltd. (Jubilant), an Indian producer of comparable merchandise. We applied these ratios to SVW's costs (determined as noted above) for materials, labor, and energy. *See id*.

Finally, SVW reported that it generated certain other by-products as a result of the production of PVA or the inputs used to produce PVA. We valued methyl acetate, PVA scrap, and recovered methanol, using Indian domestic market prices reported in *Chemical Weekly*. We valued acetic acid using import values from the *World Trade Atlas*. Because SVW did not provide sufficient information to permit the accurate valuation of certain other reported by-products and we were unable to obtain appropriate surrogate value data for them, we did not value these by-products for these preliminary results.[1]

Regarding acetic acid, SVW recovers a significant portion of this input in the last stage of production of PVA (*i.e.*, the hydrolysis process). Because Jubilant is a producer of polyvinyl acetate (PVAc), a precursor polymer of PVA, it does not perform the hydrolysis process necessary to recover acetic acid. *See Polyvinyl Alcohol from the PRC Investigation* at Comment 3. Therefore, given the difference in the production process between the surrogate company and the respondent, we find that deducting this by-product from the cost of manufacturing would result in an understated overhead expense derived from Jubilant's financial statements. As a result, we have made a by-product offset to SVW's NV. This methodology has been upheld by the CIT. *See Sinopec* v. *United States*, 366 F. Supp. 2d at 1351 remanded on other grounds by, 2006 Ct. Intl. Trade LEXIS; Slip Op. 2006–78 (May 25, 2006). Consequently, consistent with the CIT's previous determination in this matter, the Department has continued to make an adjustment for the recovered acetic acid after the application of the surrogate financial ratios for purposes of these preliminary results. *See* the Preliminary Calculation Memorandum.

[1] These by-products included alkynes gas, bottled oxygen and nitrogen, liquid oxygen and nitrogen, argon, and recovered low pressure nitrogen.

Weighted-Average Dumping Margin

The weighted-average dumping margin is as follows:

Manufacturer/producer/exporter	Margin percentage
Sinopec Sichuan Vinylon Works	0.00

Disclosure

The Department will disclose calculations performed for these preliminary results to the parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of publication of these preliminary results. *See* 19 CFR 351.310(c). Any hearing, if requested, will generally be held two days after the scheduled date for submission of rebuttal briefs. *See* 19 CFR 351.310(d). Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. *See* 19 CFR 351.309(c)(ii). Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 37 days after the date of publication. *See* 19 CFR 351.309(d). Further, parties submitting written comments should provide the Department with an additional copy of those comments on diskette. The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any comments, and at a hearing, within 120 days of publication of these preliminary results, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries. Within 15 days of the completion of this review, the Department will instruct CBP to assess antidumping duties on all appropriate entries of subject merchandise. The Department will issue appropriate assessment instructions directly to CBP upon completion of this review.

We note that SVW did not report the entered value for its U.S. sales. Accordingly, we have calculated importer-specific assessment rates for the merchandise in question by aggregating the dumping margins calculated for all U.S. sales to each importer 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 estimated entered value.

Cash Deposit Requirements

The following cash 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 for by section 751(a)(2)(C) of the Act: (1) For SVW, the cash deposit rate will be that established in the final results of this review (except, if the rate is zero or *de minimis*, no cash deposit will be required); (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (3) for all PRC exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 97.86 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporters that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

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

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b).

Dated: June 30, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

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