

of Commerce, Room 1870, within 30 days after the date of publication of this notice. See 19 CFR 351.310(c). Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

#### Postponement of Final Determination and Extension of Provisional Measures

Pursuant to section 735(a)(2) of the Act, on May 11, 2007, GE requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days. At the same time, GE requested that the Department extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a 4-month period to a 6-month period. In accordance with section 733(d) of the Act and 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting the request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: May 29, 2007.

**David M. Spooner,**  
Assistant Secretary for Import  
Administration.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-580-856]

#### Coated Free Sheet Paper from the Republic of Korea: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

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

**SUMMARY:** The U.S. Department of Commerce ("the Department") preliminarily determines that coated free sheet paper ("CFS paper") from the

Republic of Korea ("Korea") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733(b) of the Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at LTFV are listed in the "Suspension of Liquidation" section of this notice. Interested parties are invited to comment on this preliminary determination. Pursuant to requests from interested parties, we are postponing for 60 days the final determination and extending the provisional measure from a four-month period to not more than six months. Accordingly, we will make our final determination not later than 135 days after publication of the preliminary determination.

**EFFECTIVE DATE:** June 4, 2007.

#### FOR FURTHER INFORMATION CONTACT:

Brian Ledgerwood (Kyesung Paper Co., Ltd.), Dennis McClure (EN Paper Mfg. Co., Ltd.), Stephanie Moore (Moorim Paper Co., Ltd. and Moorim SP Co., Ltd.), or Joy Zhang (Hankuk Paper Mfg. Co., Ltd. and Hansol Paper Co., Ltd.), AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-3836, (202) 482-5973, (202) 482-3692, or (202) 482-1168, respectively.

#### SUPPLEMENTARY INFORMATION:

##### Background

On November 27, 2006, the Department initiated an antidumping duty investigation of CFS from Korea. See *Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper From Indonesia, the People's Republic of China, and the Republic of Korea*, 71 FR 68537 (November 27, 2006) ("*Initiation Notice*"). The petitioner in this investigation is NewPage Corporation.

The Department set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice*. See *Initiation Notice*, 71 FR at 68538; see also *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). On January 12, 2007, the Indonesian Respondents submitted scope comments. See *Scope Comments* section, below.

On December 11, 2006, the petitioner submitted comments on model-matching criteria. On December 18, 2006, respondents Hansol Paper Co., Ltd. ("Hansol"), Moorim Paper Co., Ltd.

and Moorim SP Co., Ltd. ("Moorim") (formerly Shinmoorim Paper Mfg. Co., Ltd.), and EN Paper Mfg. Co., Ltd. ("EN Paper") (formerly Shinho Paper Co., Ltd.) submitted comments on model-matching criteria. On February 15, 2007, Hansol submitted additional comments on model-matching criteria. See *Model Match* section, below.

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. The Department identified a large number of producers and exporters of CFS paper in Korea and determined that it was not practicable to examine each known exporter/producer of the subject merchandise, as provided in section 777A(c)(1) of the Act. Thus, we selected to investigate EN Paper, Moorim, and Hansol. These three exporters/producers accounted for the largest volume of subject merchandise exported to the United States during the period of investigation ("POI"). See section 777A(c)(2)(i)(B) of the Act; See Memorandum from the Team, through Office Director Melissa Skinner, to Deputy Assistant Secretary Stephen J. Claeys, entitled "Regarding Selection of Respondents," dated December 21, 2006. We subsequently issued the antidumping questionnaire<sup>1</sup> to these companies on December 22, 2006.

On December 22, 2006, the United States International Trade Commission ("ITC") preliminarily determined that there is a reasonable indication that imports of CFS paper from China, Indonesia and Korea are materially injuring the U.S. industry and the ITC notified the Department of its findings. See *Coated Free Sheet Paper from China, Indonesia, and Korea, Investigation Nos. 701-TA-444-446 (Preliminary) and 731-TA-1107-1109 (Preliminary)*, 71 FR 78464 (December 29, 2006).

On December 28, 2006, counsel to petitioner met with the Department to discuss the Department's December 21, 2006, respondent selection memorandum and petitioner's December 22, 2006, submission requesting the Department to select an

<sup>1</sup> Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales or, if the home market is not viable, of sales in the most appropriate third-country market. Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production of the foreign like product and the constructed value of the merchandise under investigation. Section E requests information on further manufacturing.

additional respondent. *See* Memorandum from Joy Zhang to The File, entitled "Ex Parte Meeting with Counsel to Petitioner," dated December 28, 2006.

On January 5, 2007, the Department reexamined the availability of its resources and determined it was practicable to investigate one additional mandatory respondent, Kyesung Paper Co., Ltd. ("Kyesung"). *See* Memorandum from Program Manager James Terpstra, through Office Director Melissa Skinner, to Deputy Assistant Secretary Stephen J. Claeys, entitled "Response to Comments from Interested Parties Regarding Respondent Selection," dated January 5, 2007. We subsequently issued the antidumping questionnaire to Kyesung.

On February 15, 2007, David Spooner, the Assistant Secretary for Import Administration, met with officials from the Korean Embassy to discuss the Department's selection of respondents. *See* Memorandum from Katja Kravetsky to The File, entitled "Ex Parte Meeting," dated February 15, 2007.

On March 15, 2007, the Department selected Hankuk as a mandatory respondent. *See* Memorandum from James Terpstra, Program Manager to The File, dated March 15, 2007. On March 20, 2007, petitioner provided comments on the Department's decision to calculate a dumping margin for Hankuk as a mandatory respondent in this investigation.

On January 10, 2007, the petitioner filed a country-wide allegation of sales of CFS paper at prices below the cost of production ("COP"). We found that the petitioner had provided a reasonable basis to believe or suspect that Korean producers were selling CFS paper in Korea at prices below the COP. *See* section 773(b)(2)(A)(i) of the Act. We initiated a country-wide sales-below-cost investigation on January 26, 2007, and requested that all Korean respondents respond to section D of the Department's questionnaire. *See* Memorandum from the Team, through James Terpstra, Program Manager to Office Director Melissa Skinner, entitled "Regarding Petitioner's Allegation of Country-Wide Sales Below the Cost of Production," dated January 26, 2007 ("Cost Allegation Memorandum").<sup>2</sup>

On January 26, 2007, the Department received the Section A responses from EN Paper, Moorim, and Hansol. On February 9, 2007, the Department received a Section A voluntary response

from Hankuk Paper Mfg. Co., Ltd. ("Hankuk"). On February 13, 2007, the Department received the Section A response from Kyesung. We received the Sections B and C responses from Hansol and Moorim on February 15, 2007. On February 16, 2007, we received the Sections B and C response from EN Paper. On March 2, 2007, we received a Sections B and C voluntary response from Hankuk. On March 5, 2007, we also received Kyesung's Sections B and C response and Section D responses from all respondents as well as Hankuk.

On February 27, 2007, the Department received comments from the petitioner on Sections A through C responses for EN Paper and Hansol. On March 6, 2007, the petitioner commented on Moorim's Sections A through C response. On March 12, 2007, the petitioner commented on Kyesung's Sections A through C response. On March 15, 2007, Kyesung replied to the petitioner's March 12, 2007, comments.

After reviewing the Sections A through D responses from each respondent, the Department issued supplemental questionnaires to the above companies. The petitioner submitted additional comments on each of the supplemental questionnaire responses. The Department issued additional supplemental questions, after reviewing each supplemental response.

The Department received requests from Hansol and Moorim to exclude certain sales, on January 26 and February 2, 2007, respectively. The petitioner submitted letters objecting to any exclusion of home market sales on January 29 and February 5, 2007. On February 2, 2007, the Department requested additional information in order to thoroughly evaluate Hansol's request to exclude certain sales. On February 8, 2007, the Department requested additional information from Moorim. On February 9 and 14, 2007, respectively, Hansol and Moorim submitted responses to the Department's request for additional information. On February 14, 2007, the petitioner submitted additional comments concerning Hansol's request to exclude certain sales. On March 2, 2007, the Department sent letters to Hansol and Moorim denying the request to exclude certain sales.

On February 23, 2007, the petitioner requested the Department extend the deadline for filing targeted dumping allegations. On March 2, 2007, the petitioner requested the Department postpone the preliminary determination by 50 days. On March 2, 2007, the Department explained to the petitioner that the deadline to file a targeted dumping allegation would be 30 days

from any revised deadline for the preliminary determination. *See* Memorandum from James Terpstra to The File, entitled "Extension of the Deadline to File a Targeted Dumping Allegation in the Antidumping Duty Investigation on Coated Free Sheet Paper from Korea," dated March 2, 2007. On March 12, 2007, the Department postponed the preliminary determination by 50 days. *See Postponement of Preliminary Determinations in the Antidumping Duty Investigations of Coated Free Sheet Paper from the People's Republic of China, Indonesia, and the Republic of Korea*, 72 FR 12757 (March 19, 2007).

The petitioner filed targeted dumping allegations against Moorim, Hankuk, and Hansol, on April 26, 2007. *See* section 777A(d)(1)(B) of the Act. On May 14 and 15, 2007, respectively, the Department received comments from Hansol and Moorim objecting to the targeted dumping allegations. On May 18, 2007, the petitioner filed rebuttal comments. Although petitioner's allegations were timely, the Department did not have sufficient time to fully analyze them for purposes of this preliminary determination. In addition, the Department has requested more information from petitioner with respect to its targeted dumping allegations. *See* Letter from Melissa Skinner to Petitioner, dated May 22, 2007. We intend to fully consider this issue for purposes of our final determination.

On May 9, 2007, EN Paper and the Korea Paper Manufacturers' Association requested the Department postpone the final determination and extend the provisional measures. *See Postponement of Final Determination and Extension of Provisional Measures* section, below.

On May 11, 2007, the petitioner submitted pre-preliminary comments on Hankuk, Hansol, and Moorim.

#### Period of Investigation

The POI is October 1, 2005, to September 30, 2006. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition.

#### Scope of Investigation

The merchandise covered by this investigation includes coated free sheet paper and paperboard of a kind used for writing, printing or other graphic purposes. Coated free sheet paper is produced from not-more-than 10 percent by weight mechanical or combined chemical/mechanical fibers. Coated free sheet paper is coated with kaolin (China clay) or other inorganic substances, with or without a binder,

<sup>2</sup> A public version of this memorandum is available in the Central Records Unit ("CRU"), located in room B-099 of the main Department building.

and with no other coating. Coated free sheet paper may be surface-colored, surface-decorated, printed (except as described below), embossed, or perforated. The subject merchandise includes single- and double-side-coated free sheet paper; coated free sheet paper in both sheet or roll form; and is inclusive of all weights, brightness levels, and finishes. The terms "wood free" or "art" paper may also be used to describe the imported product.

Excluded from the scope are: (1) coated free sheet paper that is imported printed with final content printed text or graphics; (2) base paper to be sensitized for use in photography; and (3) paper containing by weight 25 percent or more cotton fiber.

Coated free sheet paper is classifiable under subheadings 4810.13.1900, 4810.13.2010, 4810.13.2090, 4810.13.5000, 4810.13.7040, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.7040, 4810.19.1900, 4810.19.2010, and 4810.19.2090 of the Harmonized Tariff Schedule of the United States ("HTSUS"). While HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

#### Scope Comments

In our *Initiation Notice*, we set aside a period of time for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice*.

On December 18, 2006, PT. Pabrik Kertas Tjiwi Kimia Tbk. and PT. Pindo Deli Pulp and Paper Mills ("PD/TK") submitted timely scope comments in the companion antidumping ("AD") and countervailing duty ("CVD") investigations on CFS paper from Indonesia. On January 12, 2007, the Department requested that PD/TK also file these comments on the administrative records of the companion AD and CVD investigations of CFS paper from the People's Republic of China and the Republic of Korea. See Memorandum from Alice Gibbons to The File, dated January 12, 2007. PD/TK did so on the same date. On January 19, 2007, the petitioner responded to these comments.

In its comments, PD/TK requested that the Department exclude from its investigations cast-coated free sheet paper. The Department analyzed this request, together with the comments from the petitioner, and determined that it is not appropriate to exclude cast-coated free sheet paper from the scope of these investigations. The

Department's analysis is set forth in a memorandum dated March 22, 2007. See the Memorandum from Barbara Tillman, Director, AD/CVD Operations, Office 6, to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, entitled, "Request to Exclude Cast-Coated Free Sheet Paper from the Antidumping Duty and Countervailing Duty Investigations on Coated Free Sheet Paper."

#### Model Match

In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the *Scope of Investigation* section, above, and sold in Korea during the POI are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on seven criteria to match U.S. sales of subject merchandise to comparison market sales of the foreign like product: coating, form, basis weight, brightness, finish, opacity, and sheet size. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed above.

On December 11, 2006, the petitioner filed proposed model-matching criteria to use in the Department's questionnaire. On December 18, 2006, EN Paper, Hansol, and Moorim, separately filed proposed model-matching criteria for use in the questionnaire. On December 22, 2006, the Department issued the questionnaire containing the criteria identified above.

On February 15, 2007, Hansol requested that the Department modify the order of its matching criteria. Hansol suggested that the revised hierarchy should be: coating, form, brightness, finish, basis weight, opacity, and sheet size. We reviewed the responses of each respondent, including the product brochures. We do not find that Hansol's suggested product match is any more reflective of the industry than the hierarchy of physical characteristics in the Department's questionnaire. Therefore, we have not modified the order of the Department's matching criteria. See Memorandum from the Team, Office 3, AD/CVD Operations, through James Terpstra, Program Manager, AD/CVD Operations, to Melissa Skinner, Office Director, AD/CVD Operations, entitled, "Discussion of Model Match Criteria/Hierarchy," dated May 29, 2007.

#### Date of Sale

Section 351.401(i) of the Department's regulations states that the Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulations further provide that the Department may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale are established. The Department has a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established. See 19 CFR 351.401(i); see also *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from Thailand*, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10; and *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams from Germany*, 67 FR 35497 (May 20, 2002), and accompanying Issues and Decision Memorandum at Comment 2. Therefore, we used the earlier of shipment date or invoice date as the date of sale in accordance with our practice.

#### Fair Value Comparisons

To determine whether sales of CFS paper from Korea were made in the United States at less than normal value ("NV"), we compared the export price ("EP") or constructed export price ("CEP") to the NV, as described in the *Export Price and Constructed Export Price* and *Normal Value* sections below. In accordance with section 777A(d)(1) of the Act, we calculated the weighted-average prices for NV and compared these to the weighted-average of EP (and CEP).

#### Export Price and Constructed Export Price

For the price to the United States, we used, as appropriate, EP or CEP, in accordance with sections 772(a) and (b) of the Act. Pursuant to section 772(a) of the Act, we used the EP methodology when the merchandise was sold by the producer or exporter outside the United States directly to the first unaffiliated purchaser in the United States prior to importation and when CEP was not otherwise warranted based on the facts on the record. We calculated CEP for those sales where a person in the United States, affiliated with the foreign

exporter or acting for the account of the exporter, made the sale to the first unaffiliated purchaser in the United States of the subject merchandise. See section 772(b) of the Act. We based EP and CEP on the packed prices charged to the first unaffiliated customer in the United States and the applicable terms of sale. When appropriate, we adjusted prices to reflect billing adjustments and increased prices to reflect duty drawback.

In accordance with section 772(c)(2) of the Act, we made deductions, where appropriate, for movement expenses including inland freight, brokerage, international freight, marine insurance, U.S. customs duties, U.S. warehouse expense and various U.S. movement expenses from arrival to delivery.

For CEP, in accordance with section 772(d)(1) of the Act, when appropriate, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (cost of credit, commissions, warranty, and other direct selling expenses). These expenses include certain indirect selling expenses incurred by affiliated U.S. distributors. Furthermore, we have included a portion of EN Paper's and Hansol's indirect selling expenses incurred in Korea on behalf of sales to unaffiliated customers in the United States. See "Preliminary Calculation Memoranda" for each company, dated May 29, 2007 ("Preliminary Calculation Memoranda") on file in the CRU. We also deducted from CEP an amount for profit in accordance with sections 772(d)(3) and (f) of the Act.

## Normal Value

### A. Home Market Viability and Comparison Market Selection

To determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the respondents' volume of home market sales of the foreign like product to the volume of its U.S. sales of the subject merchandise. Pursuant to section 773(a)(1)(B)(i) of the Act, because each respondent had an aggregate volume of home market sales of the foreign like product that was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined that the home market was viable.

### B. Arm's-Length Test

Hankuk, Hansol, Kyesung, and Moorim reported sales of the foreign like product to affiliated customers. The

Department calculates NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the producer or exporter, *i.e.*, sales at "arm's length." See 19 CFR 351.403(c). To test whether these sales were made at arm's length, we compared the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, discounts and packing. We included an amount for warehouse revenue for Moorim. In accordance with the Department's current practice, if the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise identical or most similar to that sold to the affiliated party, we considered the sales to be at arm's-length prices and included such sales in the calculation of NV. See 19 CFR 351.403(c). Conversely, where sales to the affiliated party did not pass the arm's-length test, all sales to that affiliated party were excluded from the NV calculation. See *Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade*, 67 FR 69186 (November 15, 2002), and company-specific "Preliminary Calculation Memoranda."

### C. Cost of Production Analysis

Based on our analysis of the petitioner's allegation, we found that there were reasonable grounds to believe or suspect that EN Paper's, Kyesung's, Moorim's, Hansol's and Hankuk's sales of CFS paper in the home market were made at prices below their COP. Accordingly, pursuant to section 773(b) of the Act, we initiated a sales-below-cost investigation to determine whether these companies had sales that were made at prices below their respective COPs. See "Cost Allegation Memorandum."

#### 1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated the respondents' COP based on the sum of its costs of materials and conversion for the foreign like product, plus amounts for general and administrative ("G&A") expenses and interest expenses (see the *Test of Comparison Market Sales Prices* section below for the treatment of home market selling expenses).

The Department relied on the COP data submitted by EN Paper, Kyesung, Moorim, Hansol and Hankuk, in their respective supplemental section D questionnaire responses for the COP calculation, except for the following

instances where the information was not appropriately quantified or valued:

- a. We revised the general and administrative (G&A) expense ratio to exclude the credit balance for bad debt allowance. EN Paper did not fully explain what the gain represents or provide supporting documentation, therefore we have disallowed the offset for the preliminary determination. Our revisions to EN Paper's COP data are discussed in the Memorandum from James Balog, Senior Accountant, to Neal Halper, Director, Office of Accounting, entitled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination - EN Paper Mfg. Co., Ltd.," dated May 29, 2007.
- b. For Moorim, we revised the G&A expense rate calculations for both Moorim Paper Co., Ltd. and Moorim SP Co., Ltd. to exclude certain income offsets associated with selling activities and include expense and income items related to administrative rental transactions. Our revisions to Moorim's COP data are discussed in the Memorandum from Angela Strom, Accountant, to Neal Halper, Director, Office of Accounting, entitled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination - Moorim Paper Co., Ltd and Moorim SP Co., Ltd. (collectively "Moorim")," dated May 29, 2007.
- c. We revised Hansol's G&A expense rate calculation to include in G&A expenses a loss on the write down of an intangible asset held by the company. Our revisions to Hansol's COP data are discussed in the Memorandum from Heidi K. Schriefer, Senior Accountant, to Neal Halper, Director, Office of Accounting, entitled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination - Hansol Paper Co., Ltd." dated May 29, 2007.
- d. For products sold during the POI but produced prior to the POI Kyesung used the cost for the most similar control number that was produced during the POI. We noted that the method used to identify the most similar control number did not use the model-match hierarchy laid out by the Department. However, none of the control numbers in question were sold in the United States or used as a

similar match to products sold in the United States.

- e. We did not make any adjustments to Hankuk's reported costs for the preliminary determination.

## 2. Test of Comparison Market Sales Prices

On a product-specific basis, we compared the adjusted weighted-average COP to the home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether the sale prices were below the COP. For purposes of this comparison, we used the COP exclusive of selling and packing expenses. The prices were exclusive of any applicable movement charges, direct and indirect selling expenses, and packing expenses. In addition, we included an amount for warehouse revenue for Moorim.

## 3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POI were at prices less than COP, we determined that such sales have been made in "substantial quantities." See section 773(b)(2)(C) of the Act. Further, the sales were made within an extended period of time, in accordance with section 773(b)(2)(B) of the Act, because we examined below-cost sales occurring during the entire POI. In such cases, because we compared prices to POI-average costs, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

We found that, for certain specific products, more than 20 percent of EN Paper's, Kyesung's, Moorim's, Hansol's, and Hankuk's sales were at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. We therefore excluded these sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

## D. Calculation of Normal Value Based on Comparison Market Prices

We based home market prices on packed prices to unaffiliated purchasers in Korea. We adjusted the starting price for inland freight, warehouse expense,

and warehouse revenue, where appropriate, pursuant to section 773(a)(6)(B)(ii) of the Act. In addition, for comparisons made to EP sales, we made adjustments for differences in circumstances of sale ("COS") pursuant to section 773(a)(6)(C)(iii) of the Act. We made COS adjustments by deducting direct selling expenses incurred for home market sales (credit expense) and adding U.S. direct selling expenses (credit, commissions, warranty directly linked to sales transactions, and other direct selling expenses), where appropriate. See 19 CFR 351.410.

We also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred in the home market or United States where commissions were granted on sales in one market but not in the other, *i.e.*, the "commission offset." Specifically, where commissions are incurred in one market, but not in the other, we will limit the amount of such adjustment to the amount of either the selling expenses incurred in the one market or the commissions allowed in the other market, whichever is less.

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, we also made adjustments for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise. See 19 CFR 351.411(b).

## E. Level of Trade/Constructed Export Price Offset

In accordance with section 773(a)(1)(B)(i) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade ("LOT") as the EP or CEP transaction. In identifying LOTs for EP and comparison market sales (*i.e.*, NV based on home market), we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. See *Micron Technology, Inc. v. United States*, 243 F.3d 1301, 1314 (Fed. Cir. 2001).

To determine whether NV sales are at a different LOT than EP or CEP transactions, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison market sales are at a different LOT and the difference affects price comparability, as manifested in a pattern of consistent

price differences between the sales on which NV is based and comparison market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. For CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP-offset provision).

Hansol and Moorim reported sales made through one LOT corresponding to one channel of distribution in the home market. In the U.S. market, Hansol and Moorim reported one LOT corresponding to three or two channels of distribution for sales through U.S. affiliates (*i.e.*, CEP sales), respectively. In our analysis, we determined that there is one LOT in the home market and one LOT in the U.S. market. We have found that home market sales are at a more advanced LOT. Accordingly, we have made CEP offsets to NV. See 773(a)(7)(B) of the Act.

Hankuk and Kyesung reported sales through one LOT corresponding to two or three channels of distribution in the home market, respectively. In the U.S. market, Hankuk and Kyesung reported one LOT corresponding to one or two channels of distribution for sales made directly to the unaffiliated U.S. customers (*i.e.*, EP sales), respectively. In our analysis, we determined that there is one LOT in the home market and one LOT in the U.S. market. We have found that sales to the U.S. and home markets were made at the same LOT, and as a result, no LOT adjustment was warranted.

EN Paper reported sales made through one LOT corresponding to one channel of distribution in the home market. In the U.S. market, EN Paper reported one LOT corresponding to three channels of distribution. EN Paper made sales through its U.S. affiliate (*i.e.*, CEP sales) and directly to the U.S. customer (*i.e.*, EP sales). In our analysis, we determined that there is one LOT in the home market and two LOTs in the U.S. market. We have found that home market sales are at a more advanced LOT than the CEP sales made through its U.S. affiliate. Accordingly, we have made CEP offsets to NV. We have found that sales made directly to the U.S. customer were made at the same LOT, and as a result, no LOT adjustment was warranted.

For a detailed description of our LOT methodology and a summary of company-specific LOT findings for these preliminary results, see our

analysis contained in the "Preliminary Calculation Memoranda."

**Currency Conversion**

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

**All Others Rate**

Pursuant to section 735(c)(5)(A) of the Act, the "all others" rate is equal to the weighted average of the estimated weighted-average dumping margins of all respondents investigated, excluding zero or *de minimis* margins. EN Paper and Kyesung are the only respondents in this investigation for which the Department has calculated a company-specific rate that is not zero or *de minimis*. Therefore, for purposes of determining the "all others" rate and pursuant to section 735(c)(5)(A) of the Act, we are using the weighted-average dumping margin calculated for EN Paper and Kyesung for the "all others" rate, as referenced in the *Suspension of Liquidation* section, below.

**Verification**

As provided in section 782(i) of the Act, we intend to verify all information upon which we will rely in making our final determination.

**Suspension of Liquidation**

In accordance with section 733(d)(2) of the Act, we are directing U.S. Customs and Border Protection ("CBP") to suspend liquidation of all entries of CFS paper from Korea, with the exception of those exported by Hankuk, Hansol, or Moorim, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We are also instructing CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/Exporter	Weighted-Average Margin (percent)
EN Paper Mfg. Co., Ltd.	13.31
Hankuk Paper Mfg. Co., Ltd. ....	0.00
Hansol Paper Co., Ltd. ....	0.00
Kyesung Paper Co., Ltd. ....	30.86
Moorim Paper Co. Ltd. and Moorim SP Co., Ltd. ....	0.00

Manufacturer/Exporter	Weighted-Average Margin (percent)
All Others .....	18.45

**Disclosure**

We will disclose the calculations used in our analysis to parties in this proceeding in accordance with 19 CFR 351.224(b).

**ITC Notification**

In accordance with section 733(f) of the Act, we have notified the ITC of the Department's preliminary affirmative determination. If the Department's final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of CFS paper from Korea are materially injuring, or threaten material injury to, the U.S. industry. Because we have postponed the deadline for our final determination to 135 days from the date of the publication of this preliminary determination, the ITC will make its final determination within 45 days of our final determination.

**Public Comment**

Interested parties are invited to comment on the preliminary determination. Interested parties may submit case briefs to the Department no later than seven days after the date of the issuance of the final verification report in this proceeding. See 19 CFR 351.309(c)(1)(i). Rebuttal briefs, the content of which is limited to the issues raised in the case briefs, must be filed within five days from the deadline date for the submission of case briefs. See 19 CFR 351.309(d)(1) and (2). A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Further, we request that parties submitting briefs and rebuttal briefs provide the Department with a copy of the public version of such briefs on diskette. In accordance with section 774 of the Act, the Department will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held two days after the rebuttal brief deadline date at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW,

Washington, DC 20230, at a time and in a room to be determined.

Parties should confirm by telephone, the date, time, and location of the hearing 48 hours before the scheduled date.

Interested parties who wish to request a hearing, or to participate in a hearing if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the 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 the issues to be discussed. See 19 CFR 351.310(c). At the hearing, oral presentations will be limited to issues raised in the briefs.

**Postponement of Final Determination and Extension of Provisional Measures**

Pursuant to section 735(a)(2) of the Act, on May 9, 2007, EN Paper and the Korea Paper Manufacturers' Association, which accounts for a significant proportion of exports of CFS paper, requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days. At the same time, the Korean Paper Manufacturers' Association requested that the Department extend by 60 days the application of the provisional measures. See 735(a)(2) of the Act and 19 CFR 351.210(e)(2). In accordance with section 733(d) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative, (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting their request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register**. Suspension of liquidation will be extended accordingly.

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: May 29, 2007.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

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