

2004. The investigation covers two manufacturers/exporters which are mandatory respondents and two separate-rate status applicants. On February 17, 2006, we issued a preliminary scope ruling with regard to cut and stretched artist canvas made in the PRC from bulk roll canvas woven and primed in India. We invited interested parties to comment on our preliminary determination of sales at LTFV and our preliminary scope ruling. Based on our analysis of the comments we received, we have made changes to our calculations for the mandatory respondents. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

EFFECTIVE DATE: March 30, 2006.

FOR FURTHER INFORMATION CONTACT: Michael Holton or Robert Bolling, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 20230; telephone: (202) 482-1324 and (202) 482-3434, respectively.

SUPPLEMENTARY INFORMATION:

FINAL DETERMINATION

We determine that artist canvas from the PRC is being, or is likely to be, sold in the United States at LTFV as provided in section 735 of Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

Case History

The Department published its preliminary determination of sales at LTFV on November 7, 2005. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Artist Canvas from the People's Republic of China*, 70 FR 67412 (November 7, 2005) ("Preliminary Determination"). The Department conducted verification of both mandatory respondents in both the PRC and the United States (where applicable), and one separate-rate status applicant. See the "Verification" section below for additional information. On February 9, 2006, the Department solicited comments from all interested parties regarding changes to its calculation of financial ratios and the expected wage rate (*i.e.*, \$0.97) for the PRC which are based on 2003 income data. On February 17, 2006, the Department issued a memorandum finding that primed bulk rolls of artist canvas produced, coated, and shipped from India to the PRC and stretched and framed in the PRC are not substantially transformed in the PRC and, therefore,

not covered by the scope of this investigation. See *Preliminary Decision Regarding the Country of Origin of Artist Canvas Exported by Hangzhou Foreign Economic Relations & Trade Service Co., Ltd., - Certain Artist Canvas from the People's Republic of China from Jon Freed to Wendy Frankel*, dated February 17, 2006 ("Scope Memorandum").

We invited parties to comment on the *Preliminary Determination* and *Scope Memorandum*. We received comments from the Petitioner, the mandatory respondents, the separate-rate status applicant, and other interested parties to this investigation.

On February 27, 2006, parties submitted case briefs. On March 1, 2006, parties submitted rebuttal briefs. On December 7, 2005, Wuxi Phoenix Artist Materials Co., Ltd. ("Phoenix Materials") requested the Department hold a public hearing in this proceeding. On March 1, 2006, Phoenix Materials withdrew its request for a public hearing.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the *Issues and Decision Memorandum*, dated March 22, 2006, which is hereby adopted by this notice ("*Issues and Decision Memorandum*"). A list of the issues which parties raised and to which we respond in the *Issues and Decision Memorandum* is attached to this notice as an Appendix. The *Decision Memorandum* is a public document and is on file in the Central Records Unit ("CRU"), Main Commerce Building, Room B-099, and is accessible on the Web at <http://ia.ita.doc.gov>. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Results

Based on our analysis of comments received, we have made changes in the margin calculation for Phoenix Materials. See *Issues and Decision Memorandum* at Comments 3, 4, and 6.

Phoenix Materials

- In the *Preliminary Determination*, the Department used facts available for the distance from Phoenix Material's factory to two of its coal suppliers. As facts available, the Department used the distance to the nearest port as the distance from the factory to the coal suppliers. However, based on information found at verification, for the final determination, we have used the actual distances between the producer and its two coal suppliers.

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-899]

Final Determination of Sales at Less Than Fair Value: Certain Artist Canvas from the People's Republic of China

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

SUMMARY: On November 7, 2005, the Department of Commerce ("the Department") published its preliminary determination of sales at less than fair value ("LTFV") in the antidumping investigation of artist canvas from the People's Republic of China ("PRC"). The period of investigation ("POI") is July 1, 2004, through December 31,

See Issues and Decision

Memorandum at Comment 6 for a thorough discussion of this issue and “Analysis Memorandum for the Final Determination in the Investigation of Artist Canvas from the People’s Republic of China: Wuxi Phoenix Artist Materials Co., Ltd.” from Michael Holton, Case Analyst through Robert Bolling, Program Manager, to the File, dated March 22, 2006 (“*Phoenix Materials Final Analysis Memorandum*”).

- For the final determination, the Department has updated the surrogate value for labor and made changes to the surrogate financial ratio calculation. *See Phoenix Materials Final Analysis Memorandum.*
- One of Phoenix Material’s affiliated suppliers (*i.e.*, Shuyang Phoenix Artist Materials Co. Ltd. (“Shuyang Phoenix”)) presented minor corrections to its reported labor consumption at verification. For the final determination, the Department has incorporated this change into the margin calculation program. *See Phoenix Materials Final Analysis Memorandum.*
- Due to the change in labor consumption, a resulting change in the allocation of electricity was also required for Shuyang Phoenix. *See Phoenix Materials Final Analysis Memorandum.*
- At verification, Phoenix Materials presented a minor correction to its reported coal consumption. For the final determination, the Department has incorporated this change into its margin calculation program. *See Phoenix Materials Final Analysis Memorandum.*
- At verification, the Department found that Phoenix Materials had not reported all of its indirect labor hours (*i.e.*, supervisors, office cleaners, security guards, and doormen). For the final determination, the Department has incorporated all of Phoenix Material’s indirect labor hours into its margin calculation program. *See Phoenix Materials Final Analysis Memorandum.*
- At verification, the Department found that Phoenix Materials did not report diesel as a factor of production. For the final determination, the Department has applied the diesel consumption factor in the margin calculation program. *See Phoenix Materials Final Analysis Memorandum.*

Scope of Investigation

The products covered by this investigation are artist canvases regardless of dimension and/or size, whether assembled or unassembled, that have been primed/coated, whether or not made from cotton, whether or not archival, whether bleached or unbleached, and whether or not containing an ink receptive top coat. Priming/coating includes the application of a solution, designed to promote the adherence of artist materials, such as paint or ink, to the fabric. Artist canvases (*i.e.*, pre-stretched canvases, canvas panels, canvas pads, canvas rolls (including bulk rolls that have been primed), printable canvases, floor cloths, and placemats) are tightly woven prepared painting and/or printing surfaces. Artist canvas and stretcher strips (whether or not made of wood and whether or not assembled) included within a kit or set are covered by this proceeding.

Artist canvases subject to this investigation are currently classifiable under subheadings 5901.90.20.00 and 5901.90.40.00 of the Harmonized Tariff Schedule of the United States (“HTSUS”). Specifically excluded from the scope of this investigation are tracing cloths, “paint-by-number” or “paint-it-yourself” artist canvases with a copyrighted preprinted outline, pattern, or design, whether or not included in a painting set or kit.¹ Also excluded are stretcher strips, whether or not made from wood, so long as they are not incorporated into artist canvases or sold as part of an artist canvas kit or set. While the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Additionally, we have determined that canvas woven and primed in India but cut and stretched in the PRC and exported from the PRC is not subject to the investigation covering artist canvas from the PRC.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the mandatory respondents and one separate-rate status applicant for use in our final determination. *See* the Department’s verification reports on the record of this investigation in the CRU with respect to Ningbo Conda Import & Export Co., Ltd. (“Ningbo Conda”), Jinhua Universal Canvas Manufacturing Co., Ltd. (“Jinhua

¹ Artist canvases with a non-copyrighted preprinted outline, pattern, or design are included in the scope, whether or not included in a painting set or kit.

Universal”), Wuxi Silver Eagle Cultural Goods Co. Ltd., Wuxi Pegasus Cultural Goods Co. Ltd., ColArt Americas Inc. (“ColArt US”), Hangzhou Foreign Relation & Trade Service Co. Ltd. (“HFERTS”), and Phoenix Materials. For all verified companies, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) It is a significant producer of comparable merchandise; (2) it is at a similar level of economic development pursuant to 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the factors of production. *See Preliminary Determination*, 70 FR at 67415–16. For the final determination, we made no changes to our findings with respect to the selection of a surrogate country.

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 assigned a single antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.

In the *Preliminary Determination*, we found that Ningbo Conda and its affiliated exporters, Conda (Ningbo) Painting Material Mfg. (“Conda Painting”) and Jinhua Universal; Phoenix Materials and its affiliated exporter Wuxi Phoenix Stationary Co. Ltd (“Phoenix Stationary”); and Jiangsu Animal By-products Import & Export Group Corp. (“Jiangsu By-products”) demonstrated their eligibility for separate-rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by Ningbo Conda and its affiliated exporters, Phoenix Materials and its affiliated exporter, and Jiangsu By-products demonstrate an absence of government control, both in law and in fact, with respect to their respective exports of the merchandise under investigation, and, thus are eligible for separate rate status.

Additionally, in the *Preliminary Determination*, because the Department found that Jiangsu By-products demonstrated its eligibility for a rate separate from the PRC-wide rate, but was not a mandatory respondent, the margin we established in the *Preliminary Determination* for Jiangsu By-products was based on a weighted-average of the margins calculated for the two mandatory respondents. Because we are applying facts available to one of the selected mandatory respondents for the final determination, we have recalculated the rate applicable to Jiangsu By-products based on the rate calculated for the remaining mandatory respondent.

Further, in the *Preliminary Determination*, although we determined that HFERTS demonstrated an absence of government control, both in law and in fact, with respect to its exports of artist canvas, we had not yet determined the country of origin of the merchandise exported by HFERTS, and thus had not made a determination with respect to whether HFERTS was eligible to apply for a separate rate. For the final determination, we have determined that the merchandise that HFERTS exported to the United States is not of Chinese origin. Thus, HFERTS did not export subject merchandise and, therefore, is not eligible for a separate rate.

Adverse Facts Available

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply "facts otherwise available" if necessary information is not on the record or an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department "shall not decline to

consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority" if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Section 776(b) of the Act also authorizes the Department to use as adverse facts available ("AFA"), information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "[i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise." See Statement of Administrative Action ("SAA") accompanying the Uruguay Round Agreements Act, H. Doc. No. 316, 103d Cong., 2d Sess. Vol. 1 at 870 (1994). Corroborate means that the Department will satisfy itself that the secondary information to be used has probative value. See SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information. See SAA at 869.

The Department finds that the information necessary to calculate an accurate and otherwise reliable margin is not available on the record with respect to Ningbo Conda. As the Department finds that Ningbo Conda failed to act to the best of its ability, withheld information, failed to provide information requested by the Department in a timely manner and in the form required, and significantly

impeded the proceeding, (e.g., provided unverifiable information, failed to reported certain U.S. sales and certain factors of production, and failed to substantiate an unaffiliated supplier's reported factor consumption rates, etc.). Therefore, pursuant to sections 776(a)(2)(A), (B), (C) and (D) of the Act, the Department is resorting to facts otherwise available. In addition, in accordance with section 776(b) of the Act, the Department is applying an adverse inference in selecting the facts available rate as it has determined that Ningbo Conda did not act to the best of its ability to cooperate with the Department in this investigation.

Corroboration

At the *Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our AFA margin using information submitted by both mandatory respondents. See *Memorandum to The File Through Robert Bolling, Program Manager, China/NME Group, Corroboration for the Preliminary Determination of Certain Artist Canvas from the People's Republic of China*, dated October 28, 2005, ("Corroboration Memo"). For the final determination, we are no longer using the information submitted by Ningbo Conda (see "Adverse Facts Available" section above).

To assess the probative value of the total AFA rate it has chosen for Ningbo Conda and the PRC-wide entity, the Department compared the final margin calculations of Phoenix Materials in this investigation with the rate of 264.09 percent from the petition. We find that the rate is within the range of the highest margins we have determined in this investigation. See *Final Determination in the Investigation of Artist Canvas from the People's Republic of China, Corroboration Memorandum from Michael Holton, Analyst, through Robert Bolling, Program Manager*, ("Final Corroboration Memo"), dated March 22, 2006. Since the record of this investigation contains margins within the range of the petition margin, we determine that the rate from the petition continues to be relevant for use in this investigation. As discussed therein, we found that the margin of 264.09 percent has probative value. See *Final Corroboration Memo*. Accordingly, we find that the rate of 264.09 percent is corroborated within the meaning of section 776(c) of the Act.

The PRC-Wide Rate

Because we begin with the presumption that all companies within a NME country are subject to

government control and because only the companies listed under the “Final Determination Margins” section below have overcome that presumption, we are applying a single antidumping rate - the PRC-wide rate - to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate. See, e.g., *Final Determination of Sales at Less Than Fair Value: Synthetic Indigo from the People’s Republic of China*, 65 FR 25706 (May 3, 2000). The PRC-wide rate applies to all entries of subject merchandise except for entries from the respondents which are listed in the “Final Determination Margins” section below (except as noted).

Combination Rates

In the *Notice of Initiation*, the Department stated that it would calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. See *Notice of Initiation*, 70 FR 21996, 21999.

This change in practice is described in *Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries*, (April 5, 2005), (“*Policy Bulletin 05.1*”) available at <http://ia.ita.doc.gov/>. The *Policy Bulletin 05.1*, states:

“[w]hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-

investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.”

Policy Bulletin 05.1, at page 6.

Therefore, for the final determination, we have assigned a combination rate to respondents that are eligible for a separate rate. See *Final Determination Margins*, below.

Final Determination Margins

We determine that the following percentage weighted-average margins exist for the POI:

ARTIST CANVAS FROM THE PRC - WEIGHTED-AVERAGE DUMPING MARGINS

Exporter	Producer	Weighted-Average Deposit Rate
Ningbo Conda	Jinhua Universal	264.09
Ningbo Conda	Wuxi Silver Eagle Cultural Goods Co. Ltd.	264.09
Conda Painting	Wuxi Pegasus Cultural Goods Co. Ltd.	264.09
Jinhua Universal	Jinhua Universal	264.09
Phoenix Materials	Phoenix Materials	77.90
Phoenix Materials	Phoenix Stationary	77.90
Phoenix Materials	Shuyang Phoenix	77.90
Phoenix Stationary	Phoenix Materials	77.90
Phoenix Stationary	Phoenix Stationary	77.90
Phoenix Stationary	Shuyang Phoenix	77.90
Jiangsu By-products	Wuxi Yinying Stationery and Sports Products Co. Ltd. Corp.	77.90
Jiangsu By-products Su Yang	Yinying Stationery and Sports Products Co. Ltd. Corp.	77.90
China-Wide Rate	264.09

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all entries of subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after November 7, 2005, the date of publication of the *Preliminary Determination*. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions suspending liquidation will remain in effect until further notice.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material

injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation (i.e., November 7, 2005).

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance

with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: March 22, 2006.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

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BILLING CODE: 3510-DS-S

[A-570-899]

Notice of Correction to Notice of Final Determination of Sales at Less Than Fair Value: Certain Artist Canvas from the People's Republic of China

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

EFFECTIVE DATE: May 8, 2006.

FOR FURTHER INFORMATION CONTACT: Michael Holton or Robert Bolling, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 20230; telephone: (202) 482-1324 and (202) 482-3434, respectively.

SUPPLEMENTARY INFORMATION:

Correction

On March 30, 2006, the Department of Commerce ("the Department") published its final determination of sales at less than fair value in the antidumping investigation of artist canvas from the People's Republic of China. See Notice of Final Determination of Sales at Less Than Fair Value; Certain Artist Canvas from the People's Republic of China, 71 FR 16116 (March 30, 2006.) Subsequent to the publication of the final determination, we identified a clerical error in the **Federal Register**. One of the exporter and producer names in the Final Determination Margins chart is incorrect. The correct name of the exporter and producer should read as follows:

Final Determination Margin

ARTIST CANVAS FROM THE PRC - WEIGHTED-AVERAGE DUMPING MARGINS

Exporter	Producer	Weighted-average deposit rate
Jiangsu By-products	Su Yang Yinying Stationery and Sports Products Co. Ltd. Corp.	77.90

This notice is to serve as a correction to the producer and exporter name. The Department's findings in the final determination are correct and remain unchanged.

This correction is issued and published in accordance with section 777(i) of the Tariff Act of 1930, as amended.

Dated: May 2, 2006.

David M. Spooner,

*Assistant Secretary for Import
Administration.*

[FR Doc. E6-6984 Filed 5-5-06; 8:45 am]

BILLING CODE 3510-DS-S
