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There are six regional coordinating committees:

Coordinating Committee for Africa.
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Coordinating Committee for Europe.
Coordinating Committee for Latin America and the Caribbean.
Coordinating Committee for the Near East.
Coordinating Committee for North America and the South-West Pacific.

Contact

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–560–820]

Coated Free Sheet Paper from Indonesia: 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) from Indonesia 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 provisional measures 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 Smith, 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) 482–1766.

SUPPLEMENTARY INFORMATION:

Background

On November 27, 2006, the Department initiated an antidumping duty investigation of CFS from Indonesia. **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 (Nov. 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 December 18, 2006, the two largest known producers/exporters of CFS from Indonesia, PT. Pabrik Kertas Tjiwi Kimia Tbk. (TK) and PT. Pindo Deli Pulp and Paper Mills (PD), submitted timely comments, in which they requested that the Department exclude cast–coated CFS from the scope of the investigation.

On December 22, 2006, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that imports of CFS from Indonesia, the People's Republic of China (PRC), and the Republic of Korea (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 and 731–TA–1107–1109 (Preliminary)*, 71 FR 78464 (Dec. 29, 2006).

Also on December 22, 2006, we selected PD and TK as the mandatory respondents in this proceeding. See Memorandum from James Maeder, Office Director, to Stephen J. Claeys, Deputy Assistant Secretary, entitled: ''Antidumping Duty Investigation of Coated Free Sheet Paper from Indonesia - Selection of Respondents,'' dated December 22, 2006. We subsequently issued the antidumping questionnaire to these companies on December 22, 2006.

On January 12, 2007, the Department requested that PD and TK file their December 18, 2006, scope comments on the administrative record of the companion LTFV and countervailing duty (CVD) investigations of CFS from the PRC and Korea. *See* Memorandum from Alice Gibbons to The File, dated January 12, 2007. PD and TK did so on the same date.

On January 17, 2007, the petitioner made a country–wide allegation that sales of CFS in the home market were made below the cost of production (COP) during the period of investigation (POI).

On January 19, 2007, the petitioner objected to the respondents' request to exclude cast–coated paper from the scope of the investigation. For further discussion, see the ''Scope Comments'' section of this notice, below.

On January 26, 2007, PD and TK submitted a consolidated response to section A of the questionnaire (*i.e.*, the section involving general information). In this submission, PD and TK indicated that, not only are they affiliated with each other, but they are also affiliated with a third company that produces CFS in Indonesia, PT. Indah Kiat Pulp and Paper Tbk (IK). Based on an analysis of this information, as well as additional information obtained during the course of this proceeding (*see* below), we find that it is appropriate to treat these three companies as a single entity, hereinafter referred to as PD/TK. Nonetheless, we did not require PD/TK to report sales and cost data related to IK's POI sales of CFS because: 1) these sales were made only in the home market; 2) the quantity of the sales was insignificant; and 3) these sales would not be the most similar matches to products sold in the United States by PD or TK. For further discussion, see the ''Collapsing IK, PD, and TK'' section of this notice, below.

On February 2, 2007, the Department initiated a country–wide sales–below-cost investigation to determine whether PD/TK's sales of CFS in the home market were made at prices below the COP during the POI. *See* the Memorandum from The Team to James Maeder, Office Director, Office 2, Office of AD/CVD Operations, entitled, ''The Petitioner's Allegation of Country–Wide Sales Below the Cost of Production'' (*Below–Cost Allegation*), dated February 2, 2007. On February 5, 2007, the Department instructed PD/TK to respond to section D of the questionnaire with respect to its home market sales of CFS in order to acquire the necessary information to determine whether such sales were made at prices below the companies' COP.

On February 16, 2007, the Department requested that PD/TK provide additional information with respect to its affiliation with IK.

On February 20 and 23, 2007, respectively, PD/TK responded to sections B and C of the questionnaire (*i.e.*, the sections involving sales to the home and U.S. markets), as well as the Department's February 16, 2007, supplemental questionnaire.

On March 2, 2007, the petitioner made a timely request pursuant to 19 CFR 351.205(e) for a 50-day postponement of the preliminary determination in this investigation.

On March 19, 2007, pursuant to section 733(c)(1)(A) of the Act, the Department postponed the preliminary determination until no later than May 29, 2007. *See Postponement of Preliminary Determinations of Antidumping Duty Investigations of Coated Free Sheet Paper from the People's Republic of China, Indonesia, and the Republic of Korea*, 72 FR 12757 (Mar. 19, 2007).

From March through May 2007, the Department requested additional information from PD/TK regarding its responses to sections A through D of the questionnaire. PD/TK provided this information during the same months.

On May 15, 2007, PD/TK requested that in the event of an affirmative preliminary determination in this investigation, the Department: 1) postpone its final determination by 60 days in accordance with 19 CFR 351.210(2)(ii) and 735(a)(2)(A) of the Act; and 2) extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a four-month period to a six-month period. For further discussion, see the ''Postponement of Final Determination and Extension of Provisional Measures'' section of this notice, below.

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, 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 accordance with the preamble to the Department's regulations (*see Antidumping Duties; Countervailing Duties; Final rule*, 62 FR 27296, 27323 (May 19, 1997)), 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, PD/TK submitted timely scope comments in this proceeding, as well as in the companion CVD investigation on CFS from Indonesia. On January 12, 2007, the Department requested that PD/TK also file these comments on the administrative records of the companion LTFV and CVD investigations of CFS from the PRC and Korea. *See* Memorandum from Alice Gibbons to The File, dated January 12, 2007. PD/TK did so on the same date, and at this time it also re–filed its comments on the instant administrative record. On January 19, 2007, the petitioner responded to these comments.

In its comments, PD/TK requested that the Department exclude from the scope of 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. For further discussion, see the Memorandum from Barbara Tillman, Office Director, Office 6, Office of AD/CVD Operations, 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.''

Collapsing of IK, PD, and TK

On January 26, 2007, PD and TK submitted a consolidated questionnaire response, based on a claim that they are producers of subject merchandise in Indonesia that are affiliated via common ownership and membership in the companies' Boards of Directors. In this response, PD and TK claimed that they are also affiliated with an additional producer of CFS in Indonesia, IK, by reason of a common parent company, as well as certain common Board members.

In supplemental submissions made on February 23, March 19, and May 9, 2007, PD, TK, and IK provided additional information regarding their relationship during the POI. After an analysis of this information, we preliminarily determine that, in accordance with 19 CFR 351.401(f), it is appropriate to collapse these entities for purposes of this investigation because: 1) these entities are affiliated pursuant to section 771(33)(F) of the Act because they are under control of a common parent company, PT. Purinusa Ekapersada (Purinusa), which owns a majority of the shares in each company; 2) IK, PD, and TK have the facilities to produce identical or similar products, such that substantial retooling would not be required to restructure manufacturing priorities; and 3) we find that there exists a significant potential for manipulation of price or production if IK, PD, and TK do not receive the same antidumping duty rate. With respect to the significant potential for manipulation, we find, in accordance with 19 CFR 351.401(f)(2), that: 1) there is common ownership through the shared parent, Purinusa; 2) IK, PD, and TK share members on their Boards of Directors and other employees; and 3) these companies have intertwined operations. For further discussion, see the Memorandum from The Team to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, entitled, ''Treatment of Data Reported by Affiliated Parties in the Antidumping Duty Investigation of Coated Free Sheet

Paper from Indonesia,'' dated May 29, 2007.

In each of the submissions noted above, PD/TK requested that the Department not require it to report sales or cost data related to IK's sales of CFS during the POI. After analyzing the information on the record of this investigation, we granted PD/TK's request because: 1) IK's sales of CFS were made only in the home market; 2) the quantity of these sales was insignificant; and 3) these sales would not be the most similar matches to U.S. products sold by PD and TK during the POI. *Id*.

Fair Value Comparisons

To determine whether sales of CFS from Indonesia to the United States made by PD/TK were made at LTFV, we compared the export price (EP) to NV, as described in the ''Export Price'' and ''Normal Value'' sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI weighted–average EP to the weighted–average NV of the foreign like product where there were sales made in the ordinary course of trade for PD/TK's EP sales. *See* discussion below.

Export Price

Section 772(a) of the Act defines EP as 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 outside of the United States to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c).

During the POI, a portion of PD/TK's U.S. sales were made either: 1) directly to unaffiliated customers in the United States; or 2) to unaffiliated customers in the United States via an affiliated trading company located in Malaysia, but shipped directly from the producer. In accordance with section 772(a) of the Act, we have applied the EP methodology for these sales because they were produced by the respondent and exported from Indonesia to the first unaffiliated purchaser in the United States prior to importation.

Regarding the second channel of distribution noted above, PD/TK claimed that it was affiliated with the trading company because PD/TK: 1) was involved in an agreement legally binding the trading company to buy all products it sells from PD/TK and its affiliates; and 2) exercised almost total control of the trading company's day–to-day operations, including establishing all prices and sales agreements with the U.S. customers. We have analyzed the information on the record with respect to this affiliation claim and preliminarily find that the trading company is affiliated with PD/TK pursuant to section 771(33)(G) of the Act given that it is, in essence, an agent relationship in which PD/TK controls the trading company. Evidence on the record indicates that, among other things, PD/TK establishes all prices and sales agreements with the U.S. customer, the affiliated trading company does not inventory subject merchandise, and the merchandise is shipped directly from the respondent to the U.S. customer. *See Notice of Final Determination of Sales at Less Than Fair Value: Engineered Process Gas Turbo–Compressor Systems, Whether Assembled or Unassembled, and Whether Complete or Incomplete, from Japan*, 62 FR 24394 (May 5, 1997). We intend to examine the trading company's involvement in the sales process and affiliation claim further at verification.

In its response, PD/TK reported that certain of the EP transactions noted above also involved an additional trading company, unaffiliated with the respondent, which is located in a third country. PD/TK maintains that this trading company was not involved in making sales of subject merchandise, and its only role in the transactions in question was to invoice PD/TK's affiliated trading company. Based on these assertions, PD/TK claims that it is not appropriate to: 1) treat the unaffiliated trading company as the U.S. customer; or 2) make an adjustment to the starting price for the amount paid to this unaffiliated party. We have analyzed the information on the record with respect to these sales and, consistent with the Department's practice, we preliminarily find that the transaction with the unaffiliated trading company is not the relevant sale, given that: 1) the respondent does not negotiate the sales price with the unaffiliated trading company; 2) the role of the unaffiliated trading company in the sales process is unclear; and 3) PD/TK knows that the next party in the sales process is a party we find to be affiliated with the respondent. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold–Rolled Carbon Steel Flat Products From Korea*, 67 FR 62124 (Oct. 3, 2002). Moreover, we also preliminarily find that the evidence on the record of this proceeding is insufficient to establish that the amounts paid to the trading company are unrelated to sales of subject merchandise. As a result, we have made an adjustment to the starting price for the amount paid to the trading company. We, however, intend to examine the trading company's role in the sales process further at verification.

Regarding the remainder of PD/TK's U.S. sales, PD/TK claimed that it made these sales through an affiliated U.S. importer. According to PD/TK, the U.S. importer was affiliated by reason of an exclusive distributor arrangement with PD/TK and PD/TK's affiliates during the POI. After analyzing the data on the record with respect to this affiliation claim, we preliminarily find that the U.S. importer is not affiliated with PD/TK because: 1) there is no written agreement between PD/TK and this company establishing the exclusive nature of the relationship; and 2) the U.S. importer is not precluded from selling merchandise produced by other manufacturers. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Carbon and Certain Alloy Steel Wire Rod From Mexico*, 67 FR 55800 (Aug. 30, 2002), and accompanying Issues and Decision Memorandum at *Comment 1c*. We will examine PD/TK's claim further at verification.

We based EP on the packed price to unaffiliated purchasers in the United States. We adjusted the starting price by the amount paid to the unaffiliated trading company noted above. In accordance with section 772(c)(2)(A) of the Act, we made deductions, where appropriate, for foreign inland freight from plant to the port of exportation, foreign inland insurance, foreign brokerage and handling, U.S. brokerage and handling, international freight, and marine insurance.

Normal Value

A. Home Market Viability and Comparison Market Selection

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared PD/TK's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Based on this comparison, we determined that PD/TK had a viable home market during the POI. Consequently, we based NV on home market sales.

B. Level of Trade

In accordance with section 773(a)(1)(B) 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 constructed export price (CEP). Pursuant to 19 CFR 351.412(c)(1), the NV LOT is that of the starting–price sales in the comparison market or, when NV is based on constructed value (CV), that of the sales from which we derive selling, general and administrative expenses (SG&A) and profit. For EP, the U.S. LOT is also the level of the starting–price sale, which is usually from exporter to importer. For CEP, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP or CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. *See* 19 CFR 351.412(c)(2). 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. Finally, 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 levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP–offset provision). *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut–to-Length Carbon Steel Plate from South Africa*, 62 FR 61731,61732 (Nov. 19, 1997).

In this investigation, we obtained information from PD/TK regarding the marketing stages involved in making its reported home market and U.S. sales, including a description of the selling activities performed by the respondent for each channel of distribution.

PD/TK reported that it made EP sales in the U.S. market through the following channels of distribution: 1) sales through an affiliated Malaysian trading company; 2) direct sales to U.S. customers; and 3) sales to financiers. PD/TK stated that its U.S. sales were made at the same LOT, regardless of distribution channel. We examined the selling activities performed for all three channels and found that PD/TK performed the following selling functions for each: sales forecasting, strategic/economic planning, personnel training/exchange, order input/processing, providing direct sales personnel, packing, and freight and delivery services. Regarding sales through the PD/TK's affiliated Malaysian trading company, we find that, in addition to the selling functions performed by PD/TK on these sales, the trading company further performed the following selling functions: order input/processing and payment of commissions. These selling activities can be generally grouped into three core selling function categories for analysis: 1) sales and marketing; 2) freight and delivery; and 3) warranty and technical support. Accordingly, based on the core selling functions, we find that PD/TK performed sales and marketing, freight and delivery services, and warranty and technical services for U.S. sales. Although PD/TK's affiliated Malaysian trading company performed additional sales and marketing functions for PD/TK's sales through it that were not performed for PD/TK's direct sales or sales to financiers, we did not find these differences to be material selling function distinctions significant enough to warrant a separate LOT in the U.S. market. Therefore, we preliminarily determine that there is one LOT in the U.S. market because PD/TK performed essentially the same selling functions for all U.S. sales.

With respect to the home market, PD/TK made sales through a single channel of distribution (*i.e.*, sales to unaffiliated customers through an affiliated reseller). We examined the selling activities performed for this channel and found that PD/TK performed the following selling functions: sales forecasting, strategic/economic planning, personnel training/exchange, packing, inventory maintenance, order input/processing, providing direct sales personnel, providing technical assistance, providing after–sales services, and freight and delivery services. In addition, PD/TK's affiliated reseller performed the following additional sales functions: sales forecasting, strategic/economic planning, personnel training/exchange, advertising, sales promotion, distributor/dealer training, inventory maintenance, order input/processing, providing direct sales personnel, sales/marketing support, market research, providing technical assistance, and providing after–sales services. Accordingly, based on the core selling functions, we find that PD/TK and its affiliated reseller performed sales and marketing, freight and delivery services, inventory maintenance and warehousing, and warranty and technical services in the home market. Because all sales in the home market are made through a single distribution channel, we preliminarily determine that there is one LOT in the home market.

Finally, we compared the EP LOT to the home market LOT and found that the home market selling functions differ from the U.S. selling functions with respect to: 1) inventory maintenance and warehousing performed in the home market that are not performed on sales to the United States; and 2) the additional layer of selling functions performed in the home market by PD/TK's affiliated reseller that are not performed on certain sales to the United States. However, given that PD/TK sold at only one LOT in the home market, and there is no additional information on the record that would allow for an LOT adjustment, no LOT adjustment is possible for PD/TK.

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 PD/TK's sales of CFS 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 PD/TK's sales were made at prices below their respective COPs. *See* the *Below–Cost Allegation* for further discussion.

1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated the respondent's 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 financial expenses (*see* the ''Test of Comparison Market Sales Prices'' section below for the treatment of home market selling expenses).

The Department relied on PD/TK's producer–specific COP data submitted by PD/TK in its May 1, 2007, supplemental section D questionnaire response for the COP calculation, except for the following instances where the information was not appropriately quantified or valued:

1. We applied the major input rule under section 773(f)(3) of the Act to pulp purchases from PD/TK's affiliated supplier, PT Lontar Papyrus Pulp and Pater Industry (Lontar). As a result, we adjusted the reported cost of PD/TK to the higher of transfer price, market price or COP. Regarding Lontar's COP, we currently have outstanding requests for information concerning affiliated log purchases by Lontar and will consider this information for the final determination.
2. We eliminated the inter–company profit arising from the affiliated pulp transactions between IK and PD/TK. We currently have outstanding requests for information concerning affiliated log purchases by IK used in the production

of pulp and will consider this information for the final determination.
3. While TK requested a startup adjustment for new production lines, TK did not provide supporting documentation or a proposed adjustment amount for a startup adjustment. Thus, we did not allow a startup adjustment for the preliminary determination.
4. PD offset its financial expense by including miscellaneous income. Miscellaneous income is not an element of financial expense; therefore, we have excluded the offset.
5. PD/TK did not exclude packing costs from the cost of goods sold used as the denominator in the calculation of G&A and financial expense rates. Thus, we applied the G&A and financial expense rates to the product–specific total cost of manufacturing plus the product–specific packing expense. Because product–specific packing expenses were not available for certain products produced by PD prior to the POI, we used PD's weighted–average packing expenses for these products.

Our revisions to PD/TK's COP data are discussed in the Memorandum from Ji Oh, Accountant, to Neal Halper, Director, Office of Accounting, entitled ''Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination - PT. Pabrik Kertas Tjiwi Kimia Tbk. and PT. Pindo Deli Pulp and Paper Mills,'' dated May 29, 2007.

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, 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.

3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of the respondent's sales of a given product were at prices less than the COP, we do 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 the respondent's sales of a given product during the POI were at prices less than COP, we determine 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 examine below–cost sales occurring during the entire POI. In such cases, because we compare prices to POI–average costs, we also determine 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 PD/TK'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.

For those U.S. sales of subject merchandise for which there were no home market sales within the 20 percent difference in merchandise adjustment, we compared EP to CV, in accordance with section 773(a)(4) of the Act. *See* the ''Calculation of Normal Value Based on Constructed Value'' section below.

D. Calculation of Normal Value Based on Comparison Market Prices

We based NV for PD/TK on delivered prices to unaffiliated customers in the home market. We made deductions, where appropriate, from the starting price for inland freight expenses and inland insurance expenses, under section 773(a)(6)(B)(ii) of the Act.

Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b), we made circumstance–of-sale adjustments for imputed credit expenses, bank charges, courier expenses, and commissions. Regarding commissions, PD/TK incurred commissions only in relation to U.S. sales. Therefore, pursuant to 19 CFR 351.410(e), we offset U.S. commissions by the lesser of the commission amount or home market indirect selling expenses.

Furthermore, we made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. Finally, we deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act.

E. Calculation of Normal Value Based on Constructed Value

Section 773(a)(4) of the Act provides that, where NV cannot be based on comparison market sales, NV may be based on CV. Accordingly, for sales of CFS for which we could not determine the NV based on comparison market sales, we based NV on CV.

Section 773(e) of the Act provides that CV shall be based on the sum of the cost of materials and fabrication for the imported merchandise, plus amounts for SG&A expenses, profit, and U.S. packing costs. We calculated the cost of materials and fabrication based on the methodology described in the ''Cost of Production Analysis'' section, above. We based SG&A, interest expense, and profit on the actual amounts incurred and realized in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in the comparison market, in accordance with section 773(e)(2)(A) of the Act.

For comparison with EP sales, we made adjustments to CV for differences in circumstances of sale in accordance with section 773(a)(6)(C)(iii) and 773(a)(8) of the Act and 19 CFR 351.410. Specifically, we deducted home market packing costs and added U.S. packing costs, in accordance with sections 773(a)(6)(A) and (B) of the Act.

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

Because there is only one respondent in this investigation for which the Department has calculated a company–specific rate, consistent with our practice, its rate serves as the ''all others'' rate. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Italy*, 64 FR 30750, 30755 (June 8, 1999); and *Final Affirmative Countervailing Duty Determination: Pure Magnesium From Israel*, 66 FR 49351, 49353 (Sept. 27, 2001).

Verification

As provided in section 782(i) of the Act, we intend to verify all information relied upon in making our final determination for PD/TK.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing CBP to suspend liquidation of all entries of CFS from Indonesia 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 margins, 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)
PT. Pabrik Kertas Tjiwi Kimia Tbk, PT. Pindo Deli Pulp and Paper Mills, and PT. Indah Kiat Pulp and Paper Tbk (collectively, PD/TK)	10.85
All Others	10.85

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 from Indonesia 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 (*see* below), 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. 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. 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 timely 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 timely request for a hearing is made in this investigation, we intend to hold the hearing 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. 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 15, 2007, PD/TK 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, PD/TK requested that the Department extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a four-month period to a six-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 this 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 Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E7–10704 Filed 6–1–07; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–906]

Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China

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

EFFECTIVE DATE: June 4, 2007.

SUMMARY: The Department of Commerce (the ''Department'') preliminarily determines that coated free sheet paper (''CFS'') from the People's Republic of China (''PRC'') is being, or is likely to be, sold in the United States at less than fair value (''LTFV''), as provided in section 733 of the Tariff Act of 1930, as amended (''Act''). The estimated dumping margins are shown in the ''Preliminary Determination'' section of this notice.

FOR FURTHER INFORMATION CONTACT: Magd Zalok or Drew Jackson, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone: (202) 482–4162 or 482–4406, respectively.

SUPPLEMENTARY INFORMATION:

Background

On October 31, 2006, the Department received petitions concerning imports of CFS from the PRC, Indonesia, and the Republic of Korea (''Korea'') filed in proper form by NewPage Corporation (''petitioner'') on behalf of the domestic industry. The Department initiated antidumping duty investigations of CFS from the above–mentioned countries on November 20, 2006. *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*''). On December 22, 2006, the International Trade Commission (''ITC'') preliminarily determined that there is a reasonable indication that imports of CFS from the PRC, Indonesia, and Korea are materially injuring the U.S. industry. *See Coated Free Sheet Paper From China, Indonesia, and Korea, Investigation Nos. 701–TA–444–446 and 731–TA–1107–1109 (Preliminary)*, 71 FR 78464 (December 29, 2006).

On November 29, 2006, the Department requested quantity and value (''Q&V'') information from 14