courses: (1) Research Techniques I (Comparative Microscopy, Internship, and Independent Study and (2) Field Techniques, Techniques in Mineralogy and Internship. *Application accepted by Commissioner of Customs:* August 1, 2002.

Gerald A. Zerdy,

Program Manager, Statutory Import Programs Staff.

[FR Doc. 02–20644 Filed 8–13–02; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–122–839]

Preliminary Results of Countervailing Duty Expedited Reviews: Certain Softwood Lumber Products from Canada

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

ACTION: Notice of preliminary results of countervailing duty expedited reviews.

SUMMARY: The Department of Commerce (the Department) is conducting expedited reviews of the countervailing duty order on certain softwood lumber products from Canada for the period April 1, 2000 through March 31, 2001. This notice includes the preliminary results for 18 of the companies that are being reviewed under the expedited methodology. *See* ''Notice of Initiation of Expedited Reviews'' (67 FR 46955, July 17, 2002) (Notice of Initiation). For information on estimated net subsidies, please see the ''Preliminary Results of Reviews'' section of this notice. If the final results remain the same as these preliminary results of reviews, we will instruct the U.S. Customs Service (Customs) to amend the cash deposit for each reviewed company as detailed in the ''Preliminary Results of Reviews'' section of this notice. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: August 14, 2002.

FOR FURTHER INFORMATION CONTACT: Maria MacKay or Gayle Longest, Office of AD/CVD Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1775 or (202) 482–3338.

SUPPLEMENTARY INFORMATION:

Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930, (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2002).

Background

On May 22, 2002, the Department published in the **Federal Register** its amended final affirmative countervailing duty determination and countervailing duty order on certain softwood lumber products (subject merchandise) from Canada (67 FR 36068), as corrected (67 FR 37775, May 30, 2002). On July 17, 2002, the Department published the Notice of Initiation of Expedited Reviews. As indicated in that notice, the Department had received 100 timely requests for expedited review. Since the publication of that notice, we have accepted as timely nine other applications for expedited review (*see, Memorandum to the File* from Gayle Longest, Case Analyst, through Melissa Skinner, Director, Office VI, dated August 2, 2002, concerning Reconsideration of Timeliness of Certain Applications—Expedited Reviews of the Countervailing Duty Order on Softwood Lumber from Canada, filed in the Central Record Unit, Room B–099, Main Commerce Building (CRU)).

In the Notice of Initiation, we initiated expedited reviews on the 73 companies that we found to have filed complete and timely applications. We have provided the remaining 36 companies, which we found to have filed incomplete applications, the opportunity to perfect their filings.

As explained in the Notice of Initiation, we reached the conclusion that the most efficient way to conduct such a large number of reviews in an expedited manner, and at the same time respond to the concerns expressed by the interested parties, is to adopt a bifurcated and streamlined methodology. The comments we received support this view. Our methodology involves segregating the applicants into two groups. Group 1 consists of companies that obtain the majority of their wood (over 50 percent of their inputs) from the United States, the Maritime Provinces, Canadian private lands, and Canadian companies excluded from the order; as well as companies that source less than a majority of their wood from these sources and do not have tenure. Group 2 includes companies that source less than a majority of their wood from these sources and have acquired Crown timber through their own tenure contracts. We reviewed the applications we received and assigned each of the 73 companies to one of the two groups. We found that 45 companies satisfied the requirements of Group 1 and 28 companies satisfied the requirements of Group 2. Within Group 1, 17 companies primarily used inputs from the United States, Canadian private forests, or the Maritime Provinces, and 25 primarily used Crown inputs but did not have tenure (for three companies, we need additional information to determine whether they will be in Group 1(a) or (b)).

In our review of the applications in Group 1, we noted that, in order to conduct our analysis, we required only minimal supplemental data for 24 of the 45 companies. The other Group 1 companies require additional information and more extensive analysis. Rather than delaying the process to provide all Group 1 companies the opportunity to submit the necessary information, we issued a short questionnaire to the 24 companies requiring only minimal information and set a short deadline for the response. Of the 24 companies, 18 were able to supply the information by the deadline. We have therefore been able to complete our preliminary analysis of those 18 companies, using the Group 1 methodology (see ''Methodology'' section below). We are continuing to process the other applications in Groups 1 and 2, and will be issuing additional questionnaires shortly.

Four of the companies to whom we sent questionnaires asked for extensions of time to submit their responses; we granted the extensions. In addition, two companies, Olav Haavalsrud Timber Company Limited and Western Commercial Millwork withdrew their requests for review. This notice includes the preliminary results of review for the following 18 companies:

Bois Daaquam Inc.
Bois Omega Ltée
City Lumber Sales & Services Limited
Herridge Sawmills Ltd.
Interbois, Inc.
J. A. Fontaine et fils Inc.
Jointfor (3207021 Canada Inc.)
Les Bois d'Oeuvre Beaudoin & Gauthier Inc.
Les Moulures Jacomau 2000, Inc.
Les Produits Forestiers Dube Inc
Lonestar Lumber Inc.
Maibec Industries, Inc.

Materiaux Blanchet Inc.
Meunier Lumber Company Ltd.
MF Bernard Inc.
Richard Lutes Cedar, Inc.
Scierie Nord-Sud Inc.
Scierie West-Brome Inc.

Scope of the Reviews

The products covered by this order are softwood lumber, flooring and siding (softwood lumber products). Softwood lumber products include all products classified under headings 4407.1000, 4409.1010, 4409.1090, and 4409.1020, respectively, of the Harmonized Tariff Schedule of the United States (HTSUS), and any softwood lumber, flooring and siding described below. These softwood lumber products include:

(1) Coniferous wood, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding six millimeters;

(2) Coniferous wood siding (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed;

(3) Other coniferous wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces (other than wood moldings and wood dowel rods) whether or not planed, sanded or finger-jointed; and

(4) Coniferous wood flooring (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed.

Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise subject to this order is dispositive.

As specifically stated in the Issues and Decision Memorandum accompanying the *Notice of Final Determination of Sales at Less Than Fair Value: Certain Softwood Lumber Products from Canada,* 67 FR 15539 (April 2, 2002) (*see* comment 53, item D, page 116, and comment 57, item B–7, page 126), available at *www.ia.ita.doc.gov,* drilled and notched lumber and angle cut lumber are covered by the scope of this order.

The following softwood lumber products are excluded from the scope of this order provided they meet the specified requirements detailed below:

(1) *Stringers* (pallet components used for runners): if they have at least two notches on the side, positioned at equal distance from the center, to properly accommodate forklift blades, properly classified under HTSUS 4421.90.98.40.

(2) *Box-spring frame kits:* if they contain the following wooden pieces—two side rails, two end (or top) rails and varying numbers of slats. The side rails and the end rails should be radius-cut at both ends. The kits should be individually packaged, they should contain the exact number of wooden components needed to make a particular box spring frame, with no further processing required. None of the components exceeds 1″ in actual thickness or 83″ in length.

(3) *Radius-cut box-spring-frame components,* not exceeding 1″ in actual thickness or 83″ in length, ready for assembly without further processing. The radius cuts must be present on both ends of the boards and must be substantial cuts so as to completely round one corner.

(4) *Fence pickets* requiring no further processing and properly classified under HTSUS heading 4421.90.70, 1″ or less in actual thickness, up to 8″ wide, 6′ or less in length, and have finials or decorative cuttings that clearly identify them as fence pickets. In the case of dog-eared fence pickets, the corners of the boards should be cut off so as to remove pieces of wood in the shape of isosceles right angle triangles with sides measuring ¾ inch or more.

(5) *U.S. origin lumber* shipped to Canada for minor processing and imported into the United States, is excluded from the scope of this order if the following conditions are met: (1) The processing occurring in Canada is limited to kiln-drying, planing to create smooth-to-size board, and sanding, and (2) if the importer establishes to Customs' satisfaction that the lumber is of U.S. origin.

(6) *Softwood lumber products contained in single family home packages or kits,*[1] regardless of tariff classification, are excluded from the scope of this order if the importer certifies to items 6 A, B, C, D, and requirement 6 E is met:

A. The imported home package or kit constitutes a full package of the number of wooden pieces specified in the plan, design or blueprint necessary to produce a home of at least 700 square feet produced to a specified plan, design or blueprint;

B. The package or kit must contain all necessary internal and external doors and windows, nails, screws, glue, sub floor, sheathing, beams, posts, connectors, and if included in the purchase contract, decking, trim, drywall and roof shingles specified in the plan, design or blueprint.

C. Prior to importation, the package or kit must be sold to a retailer of complete home packages or kits pursuant to a valid purchase contract referencing the particular home design plan or blueprint, and signed by a customer not affiliated with the importer;

D. Softwood lumber products entered as part of a single family home package or kit, whether in a single entry or multiple entries on multiple days, will be used solely for the construction of the single family home specified by the home design matching the entry.

E. For each entry, the following documentation must be retained by the importer and made available to the U.S. Customs Service upon request:

i. A copy of the appropriate home design, plan, or blueprint matching the entry;

ii. A purchase contract from a retailer of home kits or packages signed by a customer not affiliated with the importer;

iii. A listing of inventory of all parts of the package or kit being entered that conforms to the home design package being entered;

iv. In the case of multiple shipments on the same contract, all items listed in E(iii) which are included in the present shipment shall be identified as well.

Lumber products that the Customs Service may classify as stringers, radius cut box-spring-frame components, and fence pickets, not conforming to the above requirements, as well as truss components, pallet components, and door and window frame parts, are covered under the scope of this order and may be classified under HTSUS subheadings 4418.90.45.90 , 4421.90.70.40, and 4421.90.97.40.

Finally, as clarified throughout the course of the investigation, the following products, previously identified as Group A, remain outside the scope of this order. They are:

1. Trusses and truss kits, properly classified under HTSUS 4418.90;
2. I-joist beams;
3. Assembled box spring frames;
4. Pallets and pallet kits, properly classified under HTSUS 4415.20;
5. Garage doors;

[1] To ensure administrability, we clarified the language of exclusion number 6 to require an importer certification and to permit single or multiple entries on multiple days as well as instructing importers to retain and make available for inspection specific documentation in support of each entry.

6. Edge-glued wood, properly classified under HTSUS item 4421.90.98.40;

7. Properly classified complete door frames;

8. Properly classified complete window frames;

9. Properly classified furniture.

Methodology

In the Notice of Initiation we invited comments on our approach and indicated that we would consider alternative methodologies. We received comments from petitioners, Fred Tebb and Sons (Fred Tebb) (a U.S. remanufacturer), and from 27 respondents. We also received rebuttal comments from six respondents. We are addressing in this notice those comments that are pertinent to (1) our methodology in general and (2) company-specific issues for the 18 companies covered by this notice.

Comment 1: Petitioners state that, even if the Department had authority to undertake expedited reviews in this case, it would have to observe limitations that apply to analogous situations. Specifically, the Department would have to follow the timeline applicable to the most expedited type of review addressed in section 751(a) of the Act, the new shipper review. Under those procedures, expedited reviews could not be initiated before November 2002, a preliminary determination would have to be issued 180 days later, and a final determination would be issued 90 days after the preliminary determination.

Department's position: Although the Department has the statutory authority to conduct expedited reviews of countervailing duty orders issued as a result of an investigation based on aggregate data, there is no statutory or regulatory guidance on the procedures for conducting such reviews. Nevertheless, as the Department explained in the Notice of Initiation, in establishing the approach to the conduct of this segment of the proceeding, we took into account, although we are not bound by, existing regulations for similar types of reviews. Unfortunately, none of our existing regulations was intended to provide workable timelines for expedited reviews of more than 100 companies. We concluded that, in order to reach our goal of completing these reviews in an expedited manner, it was incumbent upon the Department to divide the companies into two groups and to adopt a special bifurcated time schedule. This approach allows us to process the largest number of companies in the shortest period of time.

Comment 2: Petitioners claim that the methodology proposed by the Department sacrifices accuracy for the sake of expediency. Specifically, petitioners state that using the Province-wide average benefit for everyone underestimates the amount of the benefits for entities that are highly subsidized. Furthermore, petitioners object to the Department's treatment of private land timber as unsubsidized, since the Department did not investigate whether export restraints on Canadian logs give rise to subsidies, as alleged by the Coalition. In petitioners' view, the Department cannot now base decisions to grant expedited reviews on the claim that private logs are never subsidized.

Department's position: Petitioners expressed similar views during the investigation, in their comments on the methodology adopted by the Department in the exclusion process (*see* ''Company Exclusions'' section of the *Issues and Decision Memorandum* to Faryar Shirzad, Assistant Secretary for Import Administration from Bernard Carreau, Deputy Assistant Secretary for AD/CVD Enforcement II, concerning Final Results of the Countervailing Duty Investigation of Certain Softwood Lumber Products from Canada, dated March 21, 2002, on file in the CRU (Issues Memorandum)). At that time, we responded that the use of the Province-wide average benefit to measure whether a requestor received a *de minimis* benefit is appropriate and consistent with past practice.

Consideration of more in-depth methodologies, such as those presumably envisioned by petitioners, would require extensive information collection and analysis, and we are simply unable to do this consistent with our dual goals of providing company-specific analyses and conducting these reviews in an expeditious manner. Furthermore, we note that petitioners have not proposed an alternative methodology that addresses these dual goals, as we requested in the Notice of Initiation. As we stated during the investigation, we believe that the methodology we have adopted is appropriate in this case and in accordance with past practice. Furthermore, in seeking to strike a balance between accuracy and expeditiousness, we took into account the fact that these reviews are intended to provide an estimated cash deposit rate, rather than an assessment rate. Assessment rates will be determined in a full administrative review (if one is requested), in which the Department will have an opportunity to revisit methodological issues.

With regard to the issue of whether private land timber can be considered unsubsidized, this issue was also raised by petitioners during the investigation. In the investigation, we stated that we did not address the allegation that the log export ban provides a subsidy to softwood lumber producers ''because any conceivable benefit provided through a log ban would already be included in the calculation of the stumpage benefit based upon our selected market-based benchmark prices for stumpage.'' *See Notice of Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Softwood Lumber Products from Canada,* 66 FR 43191, August 17, 2001. In the memorandum detailing the methodology that the Department adopted in the exclusion process, we stated that ''[c]ompanies that produce lumber from logs harvested in the Maritime Provinces, the United States, or on private lands in Canada, are unlikely to benefit to any significant extent from federal or provincial stumpage programs* * *'' *See Memorandum* to Faryar Shirzad, Assistant Secretary for Import Administration from Bernard T. Carreau, Deputy Assistant Secretary, Group II regarding Countervailing Duty (CVD) Investigation on Softwood Products from Canada, dated February 20, 2002, on file in the CRU (Exclusion Memorandum). Consequently, private land timber was treated as unsubsidized in the exclusion process. In the Notice of Initiation, we indicated that we would not revisit issues addressed in the investigation. Therefore, for purposes of these expedited reviews, we continue to treat private land timber as unsubsidized.

Comment 3: Petitioners note that the methodology described by the Department does not address verification and enforcement. In petitioners' view, all producers should have to certify the accuracy of their claims, specifically authorize on-going verification by the United States, commit to periodic reports, and specifically concede that if the basis of their claim should prove inaccurate or should change materially, their request can be denied.

Fred Tebb also expresses reservations concerning the accuracy of the information requested and obtained by the Department. Fred Tebb claims that, if a review is conducted, it should be conducted in an organized and verifiable fashion that results in

accurate findings. If, due to its limited resources, the Department must rely upon the applicants to provide accurate information, Tebb recommends that the Department require that the applications and any supplemental information be audited by independent U.S. auditors at applicant's expense.

Department's position: Concerning verification, we intend to verify all the companies that receive a zero or *de minimis* rate in the preliminary results. The decision of whether or not to verify other companies will be made on a case-by-case basis.

Concerning enforcement, companies covered by these reviews are subject to the legal requirements intended to address enforcement, such as certification and verification, as are companies in any other proceeding. With regard to those companies that may be excluded as a result of this process and therefore would not be subject to administrative reviews, they are receiving the same treatment as all companies that are excluded during an antidumping or countervailing duty investigation.

Concerning the accuracy of the information provided to the Department, we would point out that our regulations require all submissions to be accompanied by a statement by an official of the company attesting to the accuracy of the information provided to the Department. On this basis, it is the Department's standard practice to rely on questionnaire responses and, whenever we deem it necessary or are legally required to do so, to conduct verifications to ensure accuracy and completeness. Because of the highly technical and specialized nature of the analysis, review by an independent auditor is both unwarranted and unnecessary.

Comment 4: The Maine Forest Council expresses support for the request by Maibec and Materiaux Blanchet that the Department calculate mill-specific, not company-specific, rates. The Maine Forest Council claims that Maibec's and Materiaux Blanchet's mills are in the unique situation of sourcing a majority of their logs from the United States, as the Department verified during the investigation. Materiaux Blanchet also claims that the Department already conducted a mill-specific analysis of its St. Pamphile mill in the underlying investigation, calculated a mill-specific rate for that mill, and indeed relied on that rate in determining that the rate was just over the threshold for exclusion from the countervailing duty order. Thus, no change in methodology would be required in this review. Materiaux Blanchet further claims that the Department excluded a number of individual mills in Quebec that were affiliated with Maritime producers. A mill exclusion would also be consistent with 19 CFR section 351.214(k), which allows expedited reviews for non-investigated exporters. Furthermore, providing mill-specific rates is well within the Department's broad discretion in administering the countervailing duty law, as the Department acknowledged in the underlying investigation when it excluded the Maritime provinces completely. Maibec produces subject merchandise only at one of its mills. Since softwood stumpage for subject merchandise is used by that mill, and only that mill, which produces subject merchandise, an expedited review rate based only on Maibec's St. Pamphile mill alone is both feasible and not subject to potential circumvention.

Department's position: We disagree with respondents' contention that the Department should calculate subsidy rates for individual mills, rather than for the company as a whole. The Department's practice and regulations with respect to the calculation of *ad valorem* subsidy rates and attribution of domestic subsidies are clear. Under these rules, in the case of a domestic subsidy that is not tied to a specific product, the subsidy is attributed to all of the firm's sales. *See* section 351.525 of *Countervailing Duties; Final Rule*, 63 FR 65416, November 25, 1998 (*CVD Regulations*). Neither the statute nor the regulations provide for the attribution of a domestic subsidy to a specific entity within a firm. Rather, the attribution regulations distinguish among *products or markets*, not production facilities.

While these parties are correct that the Department indicated in the final determination that it calculated rates on a company- or mill-specific basis, no company or mill was excluded from the order on the basis of a mill-specific rate. The purpose of the exclusion process during the underlying investigation was to determine whether, based on the existence of a *de minimis* subsidy rate, a company should be excluded from the order. With respect to the mill related to a Maritime province company, we note that had the production of the remainder of the company, production that could not have benefitted from the subsidies under investigation, been included in our calculations, the calculated subsidy rate would only have decreased. Further, with respect to Materiaux Blanchet's mill-specific request, we note that the information we verified during the investigation, related to both of its mills, indicates that the subsidy rate would not have been *de minimis* regardless of whether the calculation was conducted on a mill- or company-specific basis.

Comment 5: Several respondents raise the issue of whether an arm's-length sale of logs or lumber allows for a pass-through of the stumpage benefit on timber and suggest alternative methodologies to measure whether or not the subsidy passes through. Dunkley Lumber suggests that the Department take into account the purchase price of the logs and compare it to one of the market benchmarks provided on the record. If the price is at or above the benchmark, the company is receiving no benefits from those logs.

Treeline Wood Products Ltd. contends that remanufacturers purchasing lumber on the open market are not receiving subsidies. Treeline claims to be an arm's length purchaser. Therefore, its lumber should be treated as non-subsidized. Alternatively, the Department should determine whether the subsidy passes through by establishing a benchmark on the basis of the manufacturing costs of comparable U.S. companies. The Department would determine the raw material inventory costs of comparable U.S. companies and determine the percentage of total sales that these costs represent (this could be derived from trade publications). If Treeline's ratio of material costs to sales is within the range established for these U.S. companies (approximately 50 percent), the Department should conclude that there are no subsidies.

Goodfellow Inc. (Goodfellow) recommends that the Department resolve early on in these reviews the threshold question of pass-through: whether any portion of the alleged subsidies should be attributed to a remanufacturer who purchases sawn lumber at arm's length from an unaffiliated primary mill. In Goodfellow's view, if the Department's position is that subsidies do not pass through, as allegedly stated in *Final Affirmative Countervailing Duty Determination: Certain Softwood Lumber Products from Canada*, 57 FR 22,574 (May 28, 1992) (Lumber III), at least 27 of the 73 companies (one third of the total) would be found not to be subsidized and this would save time and effort both for the companies and for the Department. If, instead, the Department has changed its position since Lumber III and determines that subsidies pass through, then Goodfellow and other remanufacturers may decide that further participation in this proceeding is not economically viable, because their records do not normally indicate the timber origin for each

lumber purchase and the search for such information would be expensive and not practicable.

Furthermore, Goodfellow contends that, if the Department does not resolve the pass-through issue early in these reviews, all respondents who intend to rely on the Department's alleged decision in Lumber III will continue to participate fully in the hope that the issue will be decided favorably. If the Department does not take a position or decides to abandon its prior position taken in Lumber III, as interpreted by Goodfellow, such efforts will have served no useful purpose. Even if the Department decides the issue favorably at the end of the review, respondents' and the Department's resources will have been wasted on an analysis that relies on elements such as the geographical source of the lumber, which has become a superfluous detail. Under any scenario, wasted effort is a natural result if the Department fails to make an early decision on the pass-through issue.

Department's position: Under the Department's proposed methodology, all Crown inputs into subject merchandise (logs and lumber) are included in the subsidy calculations. Because of the expedited nature of these reviews, we proposed not considering whether subsidies pass through in the context of alleged arm's-length transactions. As articulated in the Exclusion Memorandum from the investigation, such an analysis would require additional time to collect and examine information on the purchaser, the suppliers (whether or not they are affiliated), and the nature of the transaction itself. The determination of affiliation, for example, is an extremely complicated matter, as indicated by (1) the statutory definition contained in section 771(33) of the Act, (2) the discussion in the Statement of Administrative Action accompanying the URAA (H. R. Doc. 103–316 at 838 (1994)), and (3) section 351.102 of the regulations. Affiliation covers not just control through stock ownership, but also operational control, and the statute directs the Department to examine such factors as corporate or family groupings, franchises or joint venture agreements, debt financing, and close supplier relationships. *See Ferro Union, Inc. et al.* v. *United States*, 74 F.Supp.2d 1289 (Ct. Int'l Trade 1999); *Mitsubishi Heavy Industries, Ltd.,* v. *United States*, 54 F.Supp.2d 1183 (Ct. Int'l Trade 1999), aff'd, 275 F.3d 1056 (Fed. Cir. 2001).

Contrary to Goodfellow's contention, the Department did not in Lumber III reach any conclusions with respect to the pass-through of subsidies resulting from an arm's-length transaction. No remanufacturers were excluded on that basis in Lumber III. Furthermore, the question of whether, or to what extent, the stumpage benefit passes through in an arm's-length transaction was not directly addressed in the underlying investigation because we conducted the case on an aggregate basis. As such, the investigation provides no methodology, no benchmarks applicable to the log market, and no readily available information sources with which to approach this issue.

The methodologies proposed in the comments do not lend themselves to a rational and expedient analysis of this issue. Specifically, Dunkley Lumber proposes a methodology that relies on the comparison of log prices to a benchmark already on the record. However, in the underlying investigation, we compared stumpage costs, not log prices; the benchmarks already on the record would therefore not be helpful. The other proposal, by Treeline Wood Products, is also not relevant to this issue, because it is based on a comparative analysis of manufacturing costs between Canadian and U.S. companies. Such a comparison is irrelevant under the countervailing duty law. The third comment, by Goodfellow, does not put forward a new methodology but relies on Goodfellow's own interpretation of the Department's position in Lumber III. In that investigation, however, as pointed out above, the Department did not specifically address how to conduct a pass-through analysis of this type of transaction and took no position on the effect of an arm's-length transaction. In short, none of the comments offers the Department an approach that would enhance our ability to perform these complex reviews accurately and expeditiously.

After consideration of the above comments, we determined that the most expeditious approach would be to proceed with the issuance of the preliminary results for the first 18 companies of Group 1. None of those companies raised the issue of an arm's-length analysis. The Department is prepared, however, to conduct such analyses for companies that request them, to the extent practicable. Because of the complexity of the fact patterns and the extensive analysis involved, we will need to extend the time period to complete the reviews for companies that request an arm's-length analysis beyond the time frame we announced for Group 2 in the Notice of Initiation. Furthermore, given the time frame of these expedited reviews, and the number of companies involved, it is unlikely that we could conduct such analyses for more than a limited number of companies. Therefore, we invite those companies that wish the Department to conduct a pass-through analysis to advise the Department in writing. Such requests must be received by the Department within 14 days from the date of publication of this notice. We will determine, based on the number of the requests received, how many companies it is practicable to consider for such an analysis, as well as the amount of time that will be necessary for this aspect of the reviews.

We note that certain respondents (Bois Daquaam Inc., Bois Omega, Limitee, J.A. Fontaine et fils Inc., Maibec Industries Inc., Materiaux Blanchet Inc., and Scierie West Brome Inc.) have acquiesced to the Department's application of the exclusion methodology, but have reserved the right to raise methodological issues in the course of a regular administrative review. We would note that the Department's application of streamlined methodologies in these expedited reviews does not preclude *any* respondent from raising methodological issues in the context of full administrative reviews.

Comment 6: Woodtone Industries (Woodtone) recommends that the conversion factor from MFB (thousand board feet) to cubic meters for lumber inputs be standardized. Woodtone also expresses the view that benefits from other programs should not be included in the company-specific calculations on a pro-rata, averaging, or company-specific basis unless producers in fact benefitted from the programs.

Department's position: We examined extensively in the investigation the conversion factor from MFB to cubic meters for *logs.* Woodtone, however, raises the issue with regard to *lumber.* As explained below, for the subsidy calculations in these reviews, the Department does not need to adopt a standardized conversion factor for lumber inputs.

In Canada, lumber and logs are uniformly measured in cubic meters. The only instance in which we might need to convert MBF to cubic meters for lumber inputs would be in the case of lumber purchased from the United States. We are not, however, including the quantity of U.S. lumber in our calculations, because we are not attributing a subsidy to U.S. origin lumber.

With regard to the measurement of benefits other than stumpage, as we did in the exclusion process in the investigation, we intend to measure

those subsidies in these reviews on a company-by-company basis, in accordance with all relevant regulatory and statutory procedures.

Preliminary Results of Reviews

After consideration of all the above comments, we have applied the following methodology. We calculated company-specific rates based on the exclusion methodology used in the investigation. To obtain the company-specific stumpage benefit, we multiplied the quantity of Crown logs and the quantity of lumber inputs (except for those specified below) by the province-specific stumpage benefit calculated in the underlying investigation, i.e., the average per-unit differential between the calculated adjusted stumpage fee for the relevant province and the appropriate benchmark for that province. For those provinces, such as British Columbia and Ontario, for which we calculated more than one per-unit benefit in the investigation, we calculated one province-wide per-unit benefit in these reviews by weight-averaging the previously calculated values by the corresponding volumes of harvested softwood. As indicated in the Notice of Initiation, we have not attributed a benefit to (1) logs or lumber acquired from the Maritime Provinces, if accompanied by the appropriate certification, (2) logs or lumber of U.S. origin, (3) lumber produced by mills excluded in the investigation, or (4) logs from Canadian private land. We divided the stumpage benefit by the appropriate value of the company's sales to determine the company's estimated subsidy rate from stumpage and then added any benefit from other programs to obtain the cash deposit rate for the company.

In accordance with 19 CFR § 351.221(b)(4)(i), we calculated an individual subsidy rate for each producer/exporter subject to these expedited reviews. For the period April 1, 2002 to March 31, 2001, we preliminarily determine the net subsidy to be as follows:

Net subsidies—producer/exporter	Net subsidy rate %
Bois Daaquam Inc.	2.99
Bois Omega Ltée	3.10
City Lumber Sales & Services Limited	6.60
Herridge Sawmills Ltd.	4.91
Interbois, Inc.	0.88
J. A. Fontaine et fils Inc.	3.28
Jointfor (3207021 Canada Inc.	1.96
Les Bois d'Oeuvre Beaudoin & Gauthier Inc.	9.98
Les Moulures Jacomau 2000, Inc.	0.58
Les Produits Forestiers Dube Inc	1.39
Lonestar Lumber Inc.	13.42
Maibec Industries, Inc.	1.98
Materiaux Blanchet Inc.	10.32
Meunier Lumber Company Ltd.	35.35
MF Bernard Inc.	4.96
Richard Lutes Cedar, Inc.	0.25
Scierie Nord-Sud Inc.	2.22
Scierie West-Brome Inc.	1.16

If the final results of these reviews remain the same as these preliminary results, the Department intends to instruct Customs to collect cash deposits of estimated countervailing duties in the amounts indicated above of the f.o.b. invoice price on all shipments of the subject merchandise produced by the reviewed companies, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of these reviews.

Those exporters whose final estimated net subsidy rate, based on verified information, is zero or *de minimis* will be excluded from the order. Because, in the Department's view, there is no relevant difference for purposes of the *de minimis* rule between expedited reviews of orders resulting from investigations conducted on an aggregate basis and expedited reviews of orders resulting from investigations conducted on a company-specific basis, we believe it is appropriate in these reviews to treat *de minimis* rates in accordance with section 19 CFR section 351.214(k)(3)(iv). Therefore, after the issuance of its final results, the Department intends to instruct Customs to liquidate, without regard to countervailing duties, all outstanding shipments of the subject merchandise produced by those exporters, for whom the Department has calculated an estimated cash deposit rate of zero or *de minimis, i.e.* less than one percent *ad valorem.*

These expedited reviews cover only those companies that we have specifically identified as qualifying for expedited reviews. The cash deposit rate for all other companies will be adjusted in the final results of these reviews to account for the benefit and the sales values of the companies that have received company-specific rates. We will instruct Customs to collect cash deposits for all non-reviewed companies at the new cash deposit rates established in the final results of these reviews.

Public Comment

Pursuant to 19 CFR section 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of publication of this notice. Pursuant to 19 CFR section 351.309, interested parties may submit written comments in response to these preliminary results. Case briefs must be received by the Department within 21 days after the date of publication of this notice, and rebuttal briefs, limited to arguments raised in case briefs, must be received no later than five days after the time limit for filing case briefs. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue, and (2) a brief summary of the argument. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR section 351.303(f).

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under 19 CFR section 351.309(c)(ii), are due. The Department will include the results of its analysis of issues raised in any case or rebuttal briefs in the final results of these expedited reviews. The Department will continue to issue preliminary results in the most expeditious manner practicable, and will follow the same approach in issuing final results of review.

In the interests of giving each respondent an informed opportunity to request rescission of their expedited review, we are amending the timeline announced in the application form. Requests for rescission must be received by the Department no later than 30 days after the date of publication of the preliminary results of the relevant expedited review.

These expedited reviews and notice are issued and published in accordance with section 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677(f)(i)).

Dated: August 8, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02–20645 Filed 8–13–02; 8:45 am]

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