

submitted a letter requesting that the Department conduct a verification of the responses submitted by Wuhan. On December 5, 2002, we received Wuhan's supplemental questionnaire response. On December 20, 2002, petitioners submitted comments on Wuhan's supplemental questionnaire response. On January 23, 2003, the Department extended the preliminary results of this new shipper review by 120 days until May 27, 2003. *See Honey from the People's Republic of China: Extension of Time Limits for Preliminary Results of New Shipper Antidumping Duty Review*, 68 FR 4761 (January 30, 2003). On January 31, 2003, we issued a second supplemental questionnaire to Wuhan. On February 25, 2003, we received Wuhan's second supplemental questionnaire response. On February 28, 2003, the Department provided the parties with an opportunity to submit publicly available information regarding surrogate country selection and factors of production surrogate values for consideration in the preliminary results of this review. On March 4, 2003, petitioners submitted comments for consideration in the Department's verification of Wuhan's questionnaire responses. On March 5, 2003, Wuhan submitted a revision to its February 25, 2003, second supplemental questionnaire response. On March 14, 2003, through March 18, 2003, the Department conducted verification of Wuhan's responses. *See* "Verification" section below. On March 31, 2003 and April 18, 2003, petitioners, and Wuhan submitted publicly available information to value the factors of production and rebuttal comments. On April 28, 2003, Wuhan submitted additional comments with regard to new factual information submitted by petitioners in their April 18, 2003, rebuttal comments. On May 1, 2003, petitioners submitted additional arguments regarding the *bona fides* of Wuhan's sale and certain factors of production surrogate value information. On May 9, 2003, Wuhan submitted rebuttal comments to petitioners' *bona fides* arguments and certain factors of production surrogate value information. On May 15, 2003, petitioners submitted declarations executed by researchers that gathered information regarding the Indian honey industry. On May 19, 2003, petitioners responded to comments made by Wuhan in its May 9, 2003, submission.

Scope of the Antidumping Duty Order

The products covered by this review are natural honey, artificial honey containing more than 50 percent natural honey by weight, preparations of natural

honey containing more than 50 percent natural honey by weight, and flavored honey. The subject merchandise includes all grades and colors of honey whether in liquid, creamed, comb, cut comb, or chunk form, and whether packaged for retail or in bulk form. The merchandise subject to this review is currently classifiable under subheadings 0409.00.00, 1702.90.90, and 2106.90.99 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (as of March 1, 2003, renamed the U.S. Bureau of Customs and Border Protection) (Customs) purposes, the Department's written description of the merchandise under order is dispositive.

Verification

As provided in section 782(i)(2) of the Act and section 351.307 of the Department's regulations, we conducted verification of the questionnaire responses of Wuhan. We used standard verification procedures, including on-site inspection of Wuhan's production facilities, its sales offices in Shanghai, and the examination of relevant sales and financial records. Our verification results are outlined in the New Shipper Review of Honey from the People's Republic of China (PRC) (A-570-863): Sales and Factors of Production Verification Report for Wuhan Bee Healthy Co., Ltd., dated April 22, 2003 (Wuhan Verification Report). A public version of this report is on file in the Central Records Unit (CRU) located in room B-099 of the Main Commerce Building.

New Shipper Status

Based on questionnaire responses submitted by Wuhan, and our verification thereof, we preliminarily determine that Wuhan has met the requirements to qualify as a new shipper during the POR. We have determined that Wuhan made its first sale and/or shipment of subject merchandise to the United States during the POR, and that Wuhan was not affiliated with any exporter or producer that previously shipped to the United States.

In submissions dated December 20, 2002 and March 4, 2003, petitioners allege that Wuhan's sale to the United States during the POR does not reflect a *bona fide* commercial transaction. Petitioners argue that the quantity of Wuhan's sale appears to be unusual because bulk honey is traded internationally in ocean-going full container load lots. In its February 25, 2003, second supplemental questionnaire response, Wuhan explains

that its first sale to the United States was less than a full container load because of commercial factors unique to the U.S. market at the time the sale was made (*i.e.*, thorough testing of PRC honey for antibiotics and the application of an antidumping duty margin of 183 percent). Nonetheless, Wuhan argues that the amount shipped is still significant and represents a viable commercial quantity for a sale of honey.

In a submission dated May 1, 2003, petitioners submitted additional arguments regarding the *bona fides* of Wuhan's transaction. In particular, petitioners argue that the unreasonably high price paid for Wuhan's sale of subject merchandise to the United States demonstrates that the reported sale is not *bona fide*. Petitioners contend that the sale price is significantly higher than prevailing prices at which other PRC producers and exporters sold honey to U.S. customers during the POR. Thus, petitioners argue that Wuhan's U.S. customer could have obtained the same quality product from other PRC exporters for a substantially lower price. On May 9, 2003, Wuhan submitted rebuttal comments to petitioners' *bona fides* allegations. Specifically, Wuhan argues that petitioners' claims that its sale under review was not *bona fide* require the Department to (1) ignore verified evidence of subsequent sales by Wuhan at even higher prices, and (2) reject Wuhan's rational explanation of the reasons why its first sale consisted of a less-than-full container-load and a proper reading of the law regarding the deposit requirement prior to initiation of a new shipper review.

As an initial matter, the Department examined the average unit values (AUVs) of imports into the United States of comparable merchandise from the PRC during the POR. We note that in comparison to shipments from other PRC honey exporters/producers, the quantity of Wuhan's shipment is among the lowest and its price is among the highest.

Due to the time constraints in issuing these preliminary results, the Department was unable to complete its analysis with respect to Wuhan's pricing and terms of sale to the United States nor fully analyze submissions from petitioners and respondent dated May 1, 2003 and after. We intend to fully examine all issues pertaining to the *bona fides* of Wuhan's transaction, including the relationship between Wuhan's sale and imports into the United States of other PRC honey producers/exporters, for purposes of the final results of this review.