

executed by a market researcher that gathered information regarding the Indian honey industry. We did not receive any comments or information from Shanghai Xiuwei or Sichuan Dubao.

On June 13, 2003, the Department issued supplemental questionnaires to Shanghai Xiuwei and Sichuan Dubao to forward to their importers ("importer questionnaire"). We received responses to the importer questionnaires from Shanghai Xiuwei's importer and one of Sichuan Dubao's importers on June 30, 2003. Petitioners submitted comments on the importer questionnaire responses on July 10, 2003 (for Sichuan Dubao) and July 30, 2003 (for Shanghai Xiuwei).

On July 21, 2003, the Department extended the preliminary results of this new shipper review 300 days until November 26, 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 43086 (July 21, 2003). Petitioners submitted comments for consideration in the Department's verification of Shanghai Xiuwei's and Sichuan Dubao's questionnaire responses on July 22, 2003 and July 28, 2003, respectively.

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 (renamed the U.S. Customs and Border Protection) ("CBP") purposes, the Department's written description of the merchandise under order is dispositive.

Verification

As provided in section 782(i)(3) of the Act and § 351.307 of the Department's regulations, we conducted verification of the questionnaire responses of Shanghai Xiuwei (August 4 through 7, 2003) and Sichuan Dubao (August 4 through 6, 2003 and August 8, 2003). We used standard verification procedures, including on-site inspection of the production facilities of Henan Oriental (Shanghai Xiuwei's supplier of

processed honey) and Sichuan Dubao, the sales office of Shanghai Xiuwei in Shanghai and the sales office of Sichuan Dubao in Dujiangyan, 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): Verification of U.S. Sale for respondent Shanghai Xiuwei International Trading Co., Ltd. (Shanghai Xiuwei) and Factors of Production Information Submitted by Henan Oriental Bee Products Co., Ltd. (Henan Oriental), dated September 30, 2003 ("Shanghai Xiuwei Verification Report"); and the New Shipper Review of Honey from the People's Republic of China (PRC) (A-570-863): Verification of U.S. Sales and Factors of Production Information Submitted by Sichuan-Dujiangyan Dubao Bee Industrial Co., Ltd. (Sichuan Dubao), dated September 23, 2003 ("Sichuan Dubao Verification Report"). Public versions of these reports are 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 Shanghai Xiuwei and Sichuan Dubao, and our verification thereof, we preliminarily determine that Shanghai Xiuwei and Sichuan Dubao have met the requirements to qualify as new shippers during the POR. We have determined that Shanghai Xiuwei and Sichuan Dubao made their first sale and/or shipment of subject merchandise to the United States during the POR, and that neither was affiliated with any exporter or producer that previously shipped to the United States. We also determined that Henan Oriental did not export subject merchandise during the POI, nor was it affiliated with any other exporter or producer that did so.

In submissions dated April 3, 2003 (for Shanghai Xiuwei) and July 10, 2003 (for Sichuan Dubao), petitioners allege that Shanghai Xiuwei's and Sichuan Dubao's sales to the United States during the POR do not reflect *bona fide* commercial transactions. For Shanghai Xiuwei, petitioners raise issues regarding Shanghai Xiuwei's customer and the shipment destination, and allege that the sales price was too high. For Sichuan Dubao, petitioners raise issues regarding Sichuan Dubao's customers, the sales prices, and whether the sales transactions between Sichuan Dubao and the importers were arm's-length transactions. As an initial matter, the Department examined the average unit values ("AUVs") and quantities 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 quantities of Shanghai Xiuwei's and Sichuan Dubao's shipments are among the highest and the prices are about average.

For Shanghai Xiuwei, the Department was unable to complete its analysis of all factors relevant to the *bona fides* of Shanghai Xiuwei's new shipper sale. The Department is concerned about the fact that Shanghai Xiuwei and its U.S. customer, who acted as importer of record, were created in a short period of time and that the sales was consummated close to the dates both entities were formed. The Department is requesting comments on this timing issue and will carefully examine these facts for the final results.

For Sichuan Dubao, the Department was unable to complete its analysis of all factors relevant to the *bona fides* of its second sale. The Department is experiencing difficulties contacting the importer of record, who has not responded to the Department's importer questionnaire. For a full review of our research and the efforts the Department has made to locate this importer, *see the Memorandum from Brandon Farlander and Dena Aliadinov to the File*, dated November 26, 2003. The Department is requesting comments on this issue and we will carefully examine this second sale for the final results.

In summary, for purposes of these preliminary results of review, we are treating Shanghai Xiuwei's and Sichuan Dubao's sales of honey to the United States as *bona fide* transactions. However, as noted above, the Department intends to continue to carefully examine this issue for the final results of this review.

Separate Rates

In proceedings involving NME countries, the Department begins with a presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (*de jure*) and in fact (*de facto*), with respect to its export activities. In this review, Shanghai Xiuwei and Sichuan Dubao both requested a separate company-specific rate.

To establish whether a company is sufficiently independent in its export activities from government control to be entitled to a separate, company-specific rate, the Department analyzes the exporting entity in an NME country under the test established in the *Final Determination of Sales at Less Than*