

(4) the general manager is selected by company employees, and the general manager appoints the manager of each department and (5) foreign currency is not required to be sold to the government. The Department preliminarily determines that Huarong has established that it qualifies for separate rates under the criteria established by *Silicon Carbide and Sparklers*.

Fair Value Comparisons

To determine whether Huarong's sales of bars/wedges were made at prices less than normal value (NV), we compared the export price (EP) to NV, as described in the *Export Price* and *Normal Value* sections of this notice, below.

In its February 4, 2003, supplemental questionnaire response, Huarong stated that it reported identical merchandise under multiple CONNUMs in both its U.S. sales and factors of production databases. To correct this error, we created new CONNUMs and assigned a single CONNUM to identical merchandise originally reported under multiple CONNUMs. See Memorandum from Thomas E. Martin, International Trade Compliance Specialist, to the File, "Calculation Memorandum for the Preliminary Results of the Eleventh Administrative Reviews of Certain Heavy Forged Hand Tools (Bars/Wedges) From the People's Republic of China—February 1, 2001, through January 31, 2002," dated February 28, 2003 (Calculation Memorandum).

Export Price

In accordance with section 772(a) of the Act, the Department calculated an EP for Huarong's sales to the United States because the first sale to an unaffiliated party was made before the date of importation and the use of constructed export price (CEP) was not otherwise warranted. When appropriate, we made deductions from the selling price to unaffiliated parties for foreign inland freight, brokerage and handling, port charges, ocean freight, and marine insurance. Each of these services was either provided by a NME vendor or paid for using a NME currency. Thus, we based the deduction for these movement charges on surrogate values.

We valued foreign inland freight using a truck rate obtained from *Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin from The People's Republic of China*, 65 FR 33805 (May 25, 2000) (*Bulk Aspirin*). See Memorandum from Thomas E. Martin, International Trade Compliance Specialist, to the File, "Surrogate Values Used for the Preliminary Results of the Eleventh Administrative Reviews of

Certain Heavy Forged Hand Tools (Bars/Wedges) From the People's Republic of China—February 1, 2001, through January 31, 2002," dated February 28, 2003 (Surrogate Value Memorandum). Since Huarong ships subject merchandise to the United States using NME carriers, we valued ocean freight using a rate calculated in *Certain Stainless Steel Wire Rod from India; Final Results of Antidumping Duty Administrative and New Shipper Reviews*, 64 FR 856 (January 6, 1999) (*India Wire Rod*).

We valued foreign brokerage and handling using a rate also reported in the questionnaire response in *India Wire Rod*. See Surrogate Value Memorandum. We valued port charges using the charges for services rendered to containers and containerized cargo set by the Board of Trustees of Jawaharlal Nehru Port, effective March 17, 1997. We valued marine insurance using the rate that was reported in the public version of the questionnaire response placed on the record in *India Wire Rod*. See Surrogate Value Memorandum.

We adjusted all surrogate values, as appropriate, to account for inflation between the effective period of the surrogate value information and the POR. We calculated the inflation adjustments for the factor values, using the wholesale price index (WPI) for India obtained from *International Financial Statistics*, which is a publication of the International Monetary Fund (IMF). See Surrogate Value Memorandum.

Normal Value

For exports from NMEs, section 773(c)(1) of the Act provides that the Department shall determine NV using a factors of production (FOP) methodology if (1) the subject merchandise is exported from a NME country, and (2) available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value. Section 351.408 of the Department's regulations (2001) sets forth the Department's methodology for calculating the NV of merchandise from NME countries. In every case conducted by the Department involving the PRC, the PRC has been treated as a NME. Since none of the parties to this proceeding has contested such treatment in this review, we calculated NV in accordance with section 773(c) of the Act and section 351.408 of the Department's regulations.

In accordance with section 773(c)(3) of the Act, the FOP utilized in producing bars and wedges include, but are not limited to: (A) Hours of labor required; (B) quantities of raw materials

employed; (C) amounts of energy and other utilities consumed; and (D) representative capital costs, including depreciation. In accordance with section 773(c)(4) of the Act, the Department valued the FOPs, to the extent possible, using the costs of the FOP in a market economy that is at a level of economic development comparable to the PRC and a significant producer of comparable merchandise. We preliminarily determine that India is comparable to the PRC in terms of per-capita gross national product, the growth rate in per-capita income, and the national distribution of labor. Furthermore, India is a significant producer of comparable merchandise. Consequently, we preliminarily determine that India is the country most comparable to the PRC among the significant exporting countries of comparable merchandise. See Memorandum from Jeffrey May, Director of the Office of Policy, to Thomas Martin, International Trade Compliance Specialist, "Antidumping Administrative Review of Heavy Forged Hand Tools (Bars/Wedges) from the People's Republic of China (PRC): Request for a List of Surrogate Countries," dated January 17, 2003.

In accordance with section 773(c)(1) of the Act, for purposes of calculating NV, we attempted to value FOP using Indian surrogate values that were in effect during the POR. Where contemporaneous data was not available to the Department, the most recent data was used, and adjusted to account for inflation between the effective period and the POR. As discussed in detail in the Surrogate Value Memorandum, we valued the FOP as follows:

(1) We valued direct materials used to produce bars and wedges, packing materials, and coal used for energy using, where available, the rupee-per-kilogram value of imports that entered India during February 2000 through January 2001, as published in *Monthly Statistics of the Foreign Trade of India*, Volume II—Imports (*Indian Import Statistics*).

(2) We valued labor using a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3). This rate is identified on the Import Administration's Web site. See <http://ia.ita.doc.gov/wages/corrected00wages/corrected00wages.htm>.

(3) We derived ratios for selling, general and administrative (SG&A) expenses, factory overhead, and profit using information reported for 2000–2001, for 1,927 Public Limited Companies, in the *Reserve Bank of India Bulletin* for September 2002 (*RBI Bulletin*). From this information, we