

available, we have adjusted the reported U.S. gross prices of the sales we did not examine at verification by deducting an amount equal to the weighted-average difference between the over-reported and actual prices for the sales we did examine at verification. (See Shantou Hongda Verification Report at 13, 15.)

E. Shenxian Dongxing

For Shenxian Dongxing, we calculated export price based on packed, FOB foreign port prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight, brokerage, and handling expenses in accordance with section 772(c) of the Act. Because foreign inland freight, brokerage, and handling expenses were provided by PRC service providers or paid for in renminbi, we based these charges on surrogate rates from India. (See discussion above for further details.) Because Shenxian Dongxing reported its U.S. prices net of ocean freight (which was separately invoiced and paid in full by its U.S. customers), we did not deduct an amount for this expense from the starting price. Based on our verification findings, we revised (1) the gross unit prices reported for certain U.S. sales transactions; and (2) the reported per-unit packed weight based on data contained in the record. (See Shenxian Dongxing Verification Report at 14–17.) The error in the reported per-unit packed weight for each U.S. sales transaction was a result of inaccurate application of Shenxian Dongxing's packed weight calculation methodology. As stated in the "Facts Available" section above, without reliable packing weight information on the record, the Department cannot accurately calculate actual U.S. movement expenses for each reported U.S. sales transaction. Thus, the Department, pursuant to section 776(a)(2)(D) of the Act, must apply facts available. Because Shenxian Dongxing did not provide the Department with accurate per-unit packed weights for each of its U.S. sales, it did not cooperate to the best of its ability in responding to the Department's request for information. Thus, pursuant to 776(b) of the Act, the Department is instructed to apply an inference which is adverse to the uncooperative party. Accordingly, as partial adverse facts available, we have used the highest reported per-unit packed weight figure reported for Shenxian Dongxing's smallest can size to calculate the U.S. movement expenses for all its sales of the subject merchandise. (See Shenxian

Dongxing Verification Report at 14 through 17.)

Normal Value

A. Non-Market Economy Status

In every case conducted by the Department involving the PRC, the PRC has been treated as an NME country. Pursuant to section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. (See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (February 14, 2003).) None of the parties to this proceeding has contested such treatment. Accordingly, we calculated normal value in accordance with section 773(c) of the Act, which applies to NME countries.

B. Surrogate Country

Section 773(c)(4) of the Act requires the Department to value an NME producer's factors of production, to the extent possible, in one or more market economy countries that (1) are at a level of economic development comparable to that of the NME country, and (2) are significant producers of comparable merchandise. India is among the countries comparable to the PRC in terms of overall economic development. (See April 30, 2002, Memorandum from the Office of Policy to the Team Leader.) In addition, based on publicly available information placed on the record, India is a significant producer of the subject merchandise. Accordingly, we selected India as the surrogate country for purposes of valuing the factors of production because it meets the Department's criteria for surrogate country selection.

C. Factors of Production

In accordance with section 773(c) of the Act, we calculated normal value based on the factors of production which included, but were 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. We used the factors reported by the five respondents which produced the subject merchandise they exported to the United States during the POR. To calculate normal value, we multiplied the reported unit factor quantities by publicly available Indian values.

Certain respondents failed to provide the Department with requested information. Gerber purchased its cow manure and straw from multiple suppliers, but did not report a weighted-average distance for those two inputs although such information was expressly requested by the Department. Green Fresh purchased its labels from multiple suppliers, but failed to report a weighted-average distance for those labels, again, despite the Department's request for such information. For certain inputs (*i.e.*, salt and brined mushrooms), Shantou Hongda made errors in reporting the total consumption of these inputs and failed to state any reason for those errors. In addition, Shantou Hongda did not report the distance for brined and fresh mushrooms which it purchased from suppliers during the POR.

In each of these instances, the respondent failed to cooperate by not acting to the best of its ability to comply with a request for information, or to explain the reason for the missing information, within the meaning of section 776(b) of the Act. Without the requested information, the Department must use facts available on the record, pursuant to section 776(a)(2)(D) of the Act. Because the Department finds that these parties did not act to the best of their abilities in providing us with the necessary information, section 776(b) of the Act directs us to apply an adverse inference in these reviews. Accordingly, for Gerber, we have used the furthest distance reported for any supplier of cow manure and straw to value freight for these inputs, respectively. For Green Fresh, we used the furthest distance reported for labels to value freight. For Shantou Hongda, we increased the reported per-unit factor amounts for brined mushrooms and salt by the percentage difference between the reported and verified consumption amounts for each input. In addition, we have used the furthest distance reported for any of its suppliers of brined/fresh mushrooms to value freight.

Based on our verification findings at Gerber, we also revised the following data in Gerber's response: (1) The reported per-unit can, lid, label, and processing labor amount for 4-ounce cans; (2) the reported per-unit lid and processing labor amount for 68-ounce cans; and (3) the distances from Gerber to its coal supplier. In addition, we valued the freight for salt and citric based on the supplier distances we obtained for those inputs at verification. (See Gerber Verification Report at 20, 22, and 24, and February 28, 2003, Memorandum from Case Analyst to the