

United States Price

For Hunan, we based the United States price on export price (EP) in accordance with section 772(a) of the Act, because the first sale to an unaffiliated purchaser was made prior to importation, and constructed export price (CEP) was not otherwise warranted by the facts on the record. We calculated EP based on the packed price from the exporter to the first unaffiliated purchaser in the United States. We deducted foreign inland freight from the starting price (gross unit price) in accordance with section 772(c) of the Act. According to the questionnaire response, the U.S. customer was responsible for all other movement expenses incurred in both the PRC and the United States and therefore, we made no other deductions for movement expenses.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using a factors-of-production methodology if (1) The merchandise is exported from an NME country, and (2) available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

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. Hunan did not contest such treatment in this review. Accordingly, we have applied surrogate values to the factors of production to determine NV. See *Factor Values Memo for the Preliminary Results of the Antidumping Duty Administrative Review of Natural Bristle Paintbrushes from the People's Republic of China*, February 28, 2003 (*Factor Values Memo*).

We calculated NV based on factors of production in accordance with section 773(c)(4) of the Act and section 351.408(c) of our regulations. Consistent with the original investigation and the subsequent administrative reviews of this order, we determined that Indonesia (1) Is comparable to the PRC in level of economic development, and (2) is a significant producer of comparable merchandise. See *Memorandum to Dana Mermelstein from Jeffrey May: Natural Bristle Paintbrushes from the People's Republic of China: Non-market Economy Status and Surrogate Country Selection*, dated

October 22, 2002. We valued the factors of production using publicly available information from Indonesia. We adjusted the Indonesian import prices by adding freight expenses to make them delivered prices.

We valued the factors of productions for material inputs and packing materials as follows. For brush handles, bristles, epoxy, nails, ferrules, plastic bags, cartons and plastic strips, we used per kilogram Indonesian import values reported in U.S. dollars and obtained from Indonesia's *Foreign Trade Statistical Bulletin* (Biro Pusat Statistik). For wooden core, we used the same information source based on a U.S. dollar per cubic meter value that was subsequently converted to kilograms. Since all these statistics were contemporaneous with the POR, we did not need to make any adjustments for inflation. We calculated surrogate freight costs for these factors using the shorter of (a) the distance between the closest PRC port and the factory, or (b) the distance between the domestic supplier and the factory. See *Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails From the People's Republic of China*, 62 FR 51410 (October 1, 1997) (*Roofing Nails*).

For electricity rates, we used a published Indonesian value for the average cost of electricity supplied to industries in 1999. This value is reported by the International Energy Agency on a rupiahs per kilowatt hour basis in its publication, *Energy Prices and Taxes, First Quarter 2000*. We converted the rupiah to U.S. dollars using the average exchange rate during the POR. We adjusted this value for inflation using the Consumer Price Indices for Indonesia as published in selected issues of the *IFS*.

For labor, we used the PRC regression-based wage rate at Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in September 2002. Because of the variability of wage rates in countries with similar per capita gross domestic products, § 351.408(c)(3) of the Department's regulations requires the use of a regression-based wage rate. The source of these wage rate data on the Import Administration's web site is the *Year Book of Labour Statistics 2001*, International Labour Office (Geneva: 2001), Chapter 5B: Wages in Manufacturing.

We valued movement expenses as follows: To value truck freight expenses, we used a USD price quote from August 1999 listed by an Indonesian trucking company on a kilogram per-kilometer basis, that was used in the antidumping

investigation of certain small diameter carbon and alloy seamless standard line and pressure pipe from Romania. See *Factors of Production Valuation Memorandum for Preliminary Determination* from David Goodman, Case Analyst, through Charles Riggall, Program Manager, to Gary Taverman, Director, Office 5 (January 28, 2000). To value inland rail freight expenses, we used a USD rate provided in a December 1994 cable from the American Embassy in Jakarta, Indonesia, which was likewise, used in the antidumping investigation of certain small diameter carbon and alloy seamless standard line and pressure pipe from Romania noted above. We adjusted both rates to reflect inflation using the Producer Price Indices ("PPI") for the United States from the *IFS*.

For factory overhead, selling, general and administrative expenses (SG&A), and profit, we used data from the *Large and Medium Manufacturing Statistics: 1995, Vol. III*, published by the Government of Indonesia. This source provides a cost breakdown for large and medium sized manufacturers in Indonesia of 122 products, including paintbrushes, that are classified under Indonesia's industrial code 390390. We calculated factory overhead as a percentage of total fixed and variable overhead over total materials, labor, and energy (cost of manufacture). We calculated an SG&A rate by dividing SG&A expenses by the cost of manufacture. Lastly, we calculated a profit rate by dividing profit by the cost of production. For more information, see *Memorandum to Dana S. Mermelstein, Program Manager, from Douglas Kirby and Sean Carey, Case Analysts; 2001-2002 Antidumping Administrative Review of Natural Bristle Paintbrushes and Brush Heads from the People's Republic of China: Factors Values Memorandum*, dated February 28, 2003.

Preliminary Results of Review

We preliminarily determine the weighted average dumping margin for Hunan for the period February 1, 2001, through January 31, 2002, to be 0.00 percent.

Duty Assessments and Cash Deposit Requirements

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to the Customs Service within 15 days of publication of the final results of review. Furthermore, the following deposit rates will be effective