

product in the ordinary course of trade for consumption in the foreign country.

#### D. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade ("LOT") as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent). See 19 CFR 351.412(c)(2). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing. *Id.*; see also *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731, 61732 (November 19, 1997). In order to determine whether the comparison sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the "chain of distribution"),<sup>1</sup> including selling functions,<sup>2</sup> class of customer ("customer category"), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying levels of trade for EP and comparison market sales, (*i.e.*, NV based on either home market or third country prices<sup>3</sup>) we consider the starting prices before any adjustments. For CEP sales, we consider only the selling expenses reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. See *Micron Technology, Inc. v. United States*, 243 F. 3d 1301, 1314–1315 (Fed. Cir. 2001).

When the Department is unable to match U.S. sales to sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales at a different LOT in the comparison market, where available data make it practicable, we make a LOT adjustment under section 773(a)(7)(A) of

the Act. Finally, for CEP sales only, if a NV LOT is more remote from the factory than the CEP LOT and we are unable to make a level of trade adjustment, the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

Viraj reported that it sells to manufacturers and trading companies in the home market, and to distributors in the United States. Viraj reported a single level of trade and a single channel of distribution in the home market and has not requested a LOT adjustment. We examined the information reported by Viraj and found that home market sales to both customer categories were identical with respect to sales process, freight services, warehouse/inventory maintenance, advertising activities, technical service, and warranty service. Accordingly, we preliminarily find that Viraj had only one level of trade for its home market sales.

For CEP sales, Viraj reported the same single level of trade and channel of distribution reported for home market sales. The CEP selling activities differ from the home market selling activities only with respect to freight and delivery. Therefore, we find that the CEP level of trade is similar to the home market LOT and a level-of-trade adjustment is not necessary. See section 773(a)(7)(A) of the Act.

Isibars reported that it sells to end-users and trading companies in the home market, and to distributors in the United States. Venus reported that it sells to trading companies and end-users in the home market, and to distributors and end-users in the United States. Isibars and Venus reported the same level of trade and the same channel of distribution for sales in the United States and the home market, and neither company has requested a LOT adjustment.

We examined the information reported by Isibars and Venus, and found that home market sales to both customer categories were identical with respect to sales process, freight services, warehouse/inventory maintenance, advertising activities, technical service, and warranty service. Accordingly, we preliminarily find that each company had only one level of trade for its home market sales. Isibars' and Venus' EP selling activities differ from the home market selling activities only with respect to freight and delivery. Therefore, we find that the EP level of trade is similar to the home market LOT and a level-of-trade adjustment is not

necessary. See section 773(a)(7)(A) of the Act.

#### E. Calculation of Normal Value Based on Home Market Prices

We calculated NV based on ex-factory or delivered prices to unaffiliated customers in the home market. We identified the starting price and made adjustments for billing adjustments, where appropriate (*see below*). We also made deductions for early payment discounts. In accordance with section 773(a)(6)(B)(ii) of the Act, we made deductions for inland freight. In addition, we made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale for imputed credit expenses and commissions, where appropriate. We also made adjustments, where appropriate, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred in the home market or United States where commissions were granted on sales in one market but not in the other (the commission offset).

Furthermore, we made adjustments for differences in costs attributable to differences in the physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We also deducted home market packing costs and added U.S. packing costs in accordance with section 773(a)(6)(A) and (B) of the Act.

To calculate NV, we relied upon the data submitted by the respondents. However, for Isibars, we adjusted the quantities reported for several sales to account for returned merchandise (*see Isibars Calculation Memorandum*). For Venus, we used the date of the preliminary results as the payment date in the credit calculation for those sales for which payment dates were not reported. Venus also reported discounts in its sales databases. However, the information on the record indicates that the discounts are actually billing adjustments (*i.e.*, adjustments to price). Therefore, for the preliminary results, we have treated Venus' reported discounts as billing adjustments. See, *Venus Calculation Memorandum* for further details.

#### F. Calculation of Normal Value Based on Constructed Value

For price-to-CV comparisons, we made adjustments to CV in accordance with section 773(a)(8) of the Act. We made adjustments to CV for differences in circumstances of sale in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. In addition, we added U.S. packing costs.

<sup>1</sup> The marketing process in the United States and home market begins with the producer and extends to the sale to the final user or customer. The chain of distribution between the two may have many or few links, and the respondents' sales occur somewhere along this chain. In performing this evaluation, we considered each respondent's narrative response to properly determine where in the chain of distribution the sale occurs.

<sup>2</sup> Selling functions associated with a particular chain of distribution help us to evaluate the level(s) of trade in a particular market. For purposes of these preliminary results, we have organized the common selling functions into four major categories: sales process and marketing support, freight and delivery, inventory and warehousing, and quality assurance/warranty services.