

determining that Isibars did not produce or sell subject merchandise to the United States during the period of review (POR) (67 FR 72644). On October 25, 2002, we extended the time limit for the preliminary results of this administrative review to February 28, 2003 (67 FR 65538).

Partial Rescission

On May 8, 2002, Bhansali submitted a statement that it had no sales to the United States during the POR. On May 21, 2002, Panchmahal submitted a similar statement. On May 29, 2002, MF withdrew its request for review because it did not have any U.S. sales. Patheja did not respond to the questionnaire and the Department ascertained that this company is defunct. The Department conducted a query of U.S. Customs Service data on entries of SS flanges from India made during the POR, and confirmed that these companies made no entries during this period. Therefore, we preliminarily determine to rescind the review with respect to Bhansali, Panchmahal, MF and Patheja.

Scope of the Review

The products under review are certain forged stainless steel flanges, both finished and not finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld-neck, used for butt-weld line connection; threaded, used for threaded line connections; slip-on and lap joint, used with stub-ends/butt-weld line connections; socket weld, used to fit pipe into a machined recession; and blind, used to seal off a line. The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above-described merchandise are included in the scope. Specifically excluded from the scope of this order are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351. The flanges subject to this order are currently classifiable under subheadings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule (HTS). Although the HTS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive of whether or not the merchandise is covered by the review.

Period of Review

The POR is February 1, 2001, through January 31, 2002.

Verification

As provided in section 782(i) of the Act, we verified sales information provided by Echjay from December 11 through December 13, 2002, and sales and cost information provided by Viraj from December 16 through December 18, 2002, using standard verification procedures, including an examination of relevant sales, cost, financial records, and selection of original documentation containing relevant information. Our verification results are outlined in the public versions of the verification reports and are on file in the Department's Central Records Unit located in Room B-099 of the main Department of Commerce Building, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Use of Facts Available

A. Echjay

Echjay's initial Sections B and C response of July 23, 2002, was deficient and/or unresponsive to many of the questions asked in the Department's questionnaire. There were no sales of subject merchandise in the home market during the POR, and Echjay reported sales to its three largest third country markets, Belgium, Germany and the United Kingdom ("U.K."). Echjay claimed it had no direct or indirect selling expenses, and omitted the information requested for variable and total costs of manufacturing, stating that there are identical sales in the U.S. and U.K. markets. However, the Department found that there were identical matches for only one-fourth of the products sold in the United States. On August 12, 2002, we transmitted the Section D questionnaire to Echjay, with a deadline of August 26, 2002, for their response. On August 22, 2002, we received Echjay's request for a three-week extension of time. We granted a two-week extension until September 9, 2002. On September 5, 2002, we received a letter from Echjay in which it acknowledged that the merchandise sold in the U.K. market did not have identical matches for the entire range of the merchandise sold in the United States, but asked that the Department consider the prices in which the merchandise was sold in the U.K. as NV. Echjay asked for another extension of time until October 31, 2002, to respond to Section D. Echjay also explained that it would be computing the weighted average cost of production ("COP") based on total tonnage produced during the year (instead of the product-specific production quantity, per the Section D instructions). On September 6, 2002, we granted an

extension of time until September 18, 2002. We stated that inasmuch as certain U.S. sales will not have identical or similar matches, Echjay must report cost data for all reported products by control numbers ("CONNUMs"). We explained that when comparing similar products, the Department considers differences in variable costs associated with the physical characteristics of the products in its margin calculation. Further, we noted that the Department's preference is to use the third country market with the highest volume to determine NV, which in this case was Belgium. We explained that we need Echjay's response to Section D so that we can match products that are not identical by greatest similarity or CV. We warned that if Echjay did not respond to Section D, or if due to statutory time limits we have insufficient time to analyze a new submission, it might be necessary to resort to facts available. Finally, we instructed Echjay to prepare its response strictly in accordance with the instructions, *i.e.*, "Calculate COP and CV figures on weighted-average basis using the CONNUM specific production quantity, regardless of market sold, as the weighing factor."

We sent Echjay a supplemental Section B and C questionnaire on September 10, 2002, with a due date of September 24, 2002. We received Echjay's Section D response by the extended due date, September 18, 2002. Question II.A.6 asks respondents to: "Identify those inputs, and other items * * * that your company receives from affiliated parties. For each item received from an affiliated party, provide the name of the affiliated party and state the nature of the affiliation. Finally, state whether the transfer price of the good or service reflects the market price of the item. * * *" Footnote 2 instructs respondents to report the "cost" of affiliated purchases in accordance with the amounts as recorded in their normal accounting system. Question 7 on the same page asks respondents to list the major inputs purchased from affiliated parties that are used to produce the merchandise under consideration, and to complete a chart comparing purchases from affiliated and unaffiliated suppliers. In response, Echjay stated "We do not receive any input or any other item from any affiliated parties. * * * Hence, we are leaving the chart below and the subpoints blank." Section D response, page 8 (September 18, 2002).

On November 1, 2002, the Department sent Echjay a second supplemental questionnaire with a due date of November 12, 2002, in which we asked