

the sales of the model were at prices below COP. We therefore retained all sales of these comparison market models in our analysis and used them as the basis for determining NV. Our cost test also indicated that within an extended period of time (one year, in accordance with section 773(b)(2)(B) of the Act), for certain comparison market models, more than 20 percent of the comparison market sales were sold at prices below COP and were at prices which would not permit the recovery of all costs within a reasonable period of time. In accordance with section 773(b)(1) of the Act, we therefore excluded these below-cost sales from our analysis and used the remaining above-cost sales as the basis for determining NV.

Price-to-Price Comparisons: Viraj

We compared Viraj's U.S. sales with contemporaneous sales of the foreign like product in the comparison market. We considered SS flanges identical based on grade, type, size, pressure rating and finish. We used a 20 percent DIFMER cost deviation cap as the maximum difference in cost allowable for similar merchandise, which we calculated as the absolute value of the difference between the U.S. and comparison market variable costs of manufacturing divided by the total cost of manufacturing of the U.S. product. In accordance with the Department's practice, where all contemporaneous matches to a U.S. sale observation resulted in DIFMER adjustments exceeding 20 percent of the COM of the U.S. product, we based NV on CV.

For those product comparisons for which there were sales at prices above the COP, we based NV on the home market prices to home market customers. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. In accordance with section 773(a)(6)(A) and (B), we deducted home market packing costs and added U.S. packing costs. Based on findings at verification, we corrected Viraj's reported packing expenses for finished flanges to include packaging materials. In addition, we made adjustments for differences in COS, as appropriate. Because we were unable to verify Viraj's interest rate for calculating home market credit expenses, we did not make an adjustment for this expense. See pages 13 and 14 of the Department's Viraj Verification Report, dated January 23, 2003. During verification, we reviewed Viraj's U.S. and home market sales with the largest sales volume and found that Viraj incurred sale-specific interest

expenses as a result of discounting its U.S. sales receivables, and that these expenses were incorrectly included in INTEX instead of being reported as direct selling expenses. Hence, we calculated a weighted average percentage rate for these interest expenses based on the five U.S. sales we reviewed during verification. We divided this total by the sales revenue for these five sales and took the weighted average percent ratio and multiplied it by the gross unit price (GRSUPRU) for each U.S. sale. We then deducted this interest expense total from INTEX and included it as one of the direct selling expenses which were deducted from the starting price for CEP sales. See Viraj Analysis Memo. For comparison to EP, we made COS adjustments by deducting comparison market direct selling expenses and adding U.S. direct selling expenses.

Price-to-CV Comparisons

A. Viraj

In accordance with section 773(a)(4) of the Act, we based NV on CV if we were unable to find a contemporaneous comparison market match for the U.S. sale. We calculated CV based on the cost of materials and fabrication employed in producing the subject merchandise, SG&A, INTEX and profit. In accordance with 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts Viraj incurred and realized in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in India. For selling expenses, we used the weighted-average home market selling expenses. Where appropriate, we made COS adjustments to CV in accordance with section 773(a)(8) of the Act and 19 CFR 351.410.

B. Echjay

We based NV on CV for all U.S. sales because as noted above in the Facts Available section of this notice, we could not calculate reliable DIFMERs based on Echjay's cost data. In accordance with 773(e)(2)(B)(i) of the Act, we based SG&A expenses and profit on Echjay's financial statements. We made adjustments for differences in COS between the U.S. and Belgian markets, as appropriate, in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410.

Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or

CEP transaction. The LOT in the comparison market is the LOT of the starting-price sales in the comparison market or, when NV is based on CV, the LOT of the sales from which we derive SG&A expenses and profit. With respect to U.S. price for EP transactions, the LOT is also that of the starting-price sale, which is usually from the exporter to the importer. For CEP, the LOT is that of the constructed sale from the exporter to the importer. To determine whether comparison market sales are at a different LOT from U.S. sales, we examined stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. In analyzing Echjay's and Viraj's selling activities, we did not note any significant differences in functions provided in any of the markets. Based upon the record evidence, we have determined that for Viraj there is one LOT for all EP and CEP sales, the same LOT as for all comparison market sales. Accordingly, because we find the U.S. sales and comparison market sales to be at the same LOT for both respondents, no LOT adjustment under section 773(a)(7)(A) is warranted, nor did Echjay or Viraj request one.

Preliminary Results of Review

As a result of our review, we preliminarily determine the weighted-average dumping margins for the period February 1, 2001, through January 31, 2002, to be as follows:

Manufacturer/Exporter	Margin (Percent)
Echjay Forgings/Pushpaman Exports	125.78
Snowdrop Trading	210.00
Viraj	0

The Department will disclose calculations performed in connection with these preliminary results of review within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). An interested party may request a hearing within 30 days of publication. See CFR 351.310(c). Any hearing, if requested, will be held 37 days after the date of publication, or the first business day thereafter, unless the Department alters the date per 19 CFR 351.310(d). Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication of these preliminary results of review. Rebuttal briefs and rebuttals to written comments, limited to issues raised in the case briefs and comments, may be filed no later than 35 days after the date of publication of this notice. Parties who submit argument in