

from publicly available sources, to have probative value. Therefore, we find that the surrogate values used to calculate the PRC-wide rate are sufficiently corroborated.

Because all elements of NV have been corroborated, we consider this revised NV to be reasonable and of probative value. As a result of this recalculation, the PRC-wide rate is, for the preliminary determination, 75.10 percent. *See* Corroboration Memo; *see also* the October 16, 2002 supplement to the petition. For the purpose of determining the most appropriate final PRC-wide margin, the Department will consider all information on the record at the time of the final determination.

### Fair Value Comparisons

To determine whether Qingdao Red Star's sales of barium carbonate to customers in the United States were made at LTFV, we compared EP to NV, calculated using our NME methodology, as described below in the "Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs.

### Export Price

In accordance with section 772(a) of the Act, export price is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c). In accordance with section 772(a) of the Act, we used EP for Qingdao Red Star because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and because constructed export price was not otherwise indicated.

We calculated EP for Qingdao Red Star based on packed F.O.B. and C.I.F. prices to unaffiliated purchasers in the United States. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included domestic inland freight, international freight, and marine insurance, where applicable. Because transportation for all sales was provided by an NME company, we based movement expenses associated with these sales on surrogate values. *See* the memorandum to Gary Taverman, Director, Office 5, from David Layton, Tisha Loeper-Viti and Kristina Boughton, Case Analysts regarding, Factors of Production Valuation for Preliminary Determination, dated March

10, 2003 (FOP Memo), on file in the Central Records Unit (CRU) located in B-099 of the main Department of Commerce building.

### Normal Value

#### 1. Surrogate Country

Section 773(c)(4) of the Act requires that the Department value the NME producer's factors of production, to the extent possible, on the prices or costs of factors of production in one or more market economy countries that are: (1) At a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. The Department's Office of Policy initially identified five countries that are at a level of economic development comparable to the PRC in terms of per capita GNP and the national distribution of labor. Those countries are India, Pakistan, Indonesia, Sri Lanka and the Philippines (*see* the memorandum from Jeffrey May, Director, Office of Policy to Gary Taverman, Director, Office 5, regarding Request for a List of Surrogate Countries, dated December 11, 2002, on file in the CRU). Based on available information of export data provided in *United Nations Trade Statistics* under HTSUS subheading 2836.60, we have found that India is a producer of barium carbonate. The petitioner also provided evidence that India is a significant producer of subject merchandise, including Indian producers' advertisements and an article from the *Asia Pulse* citing aggregate Indian production figures for barium carbonate from 1995–1999. In addition, for most factors of production, India has quantifiable, contemporaneous, and publicly available data. India had the best available financial data of the five countries on specific barium carbonate producers. Therefore, for purposes of the preliminary determination, we have selected India as the primary surrogate country. However, for one material input, barite ore, we were unable to obtain a reliable Indian value. For this reason, we used data from a secondary surrogate country, Indonesia, to value this input. We have evidence to suggest that Indonesia is also a significant producer of comparable merchandise and we were able to obtain publicly available data for barite ore. For further discussion, *see* the FOP Memo.

### Factors of Production

In its questionnaire response, Qingdao Red Star reported factors of production for the manufacture of the subject merchandise during the POI. The factors of production include: (1) Hours of labor

required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. *See* section 773(c)(3) of the Act. To calculate NV, we multiplied the reported quantities by publicly available surrogate per-unit values from India and, when appropriate, from Indonesia.

In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. For those values not contemporaneous with the POI, we adjusted the values to account for inflation using the applicable price indices published in the International Monetary Fund's *International Financial Statistics* (January 2003, July 2002 and September 2000). We inflated the values denominated in Indian rupees using Indian wholesale price indices and inflated values denominated in U.S. dollars using U.S. producer price indices. As appropriate, we included freight costs in input prices to make them delivered prices. Specifically, we added to the surrogate values a surrogate freight cost calculated using the shorter of the reported distance from the domestic input supplier to the factory processing subject merchandise or the distance from the nearest seaport to the relevant factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F. 3d 1401, 1407–1408 (Fed. Cir. 1997).

We valued certain material inputs, packing materials, and byproducts (including coal, limestone, plastic bags, and sulfur) using publicly available 2002 Indian import statistics from the appropriate Indian Trade Classification categories, based on the Harmonized Commodity Description and Coding System (HS), published by the *Monthly Statistics of the Foreign Trade of India. Volume II: Imports* (March 2002) (*Indian Import Statistics*). Because Indian imports of barite ore for this period were insignificant, we valued barite ore using 2001 Indonesian import data from the *World Trade Atlas*. We valued water based on an average of several rates for metropolitan areas in India, published by the Asian Development Bank in the *Second Water Utilities Data Book: Asian and Pacific Region* in 1997.

For energy, we valued coal using *Indian Import Statistics* for 2002. We valued electricity using Indian retail prices found in the International Energy Agency's *Key World Energy Statistics 2002* covering the fourth quarter of 2001. We valued kerosene using rates quoted in a press release from the Government of India dated February 28, 2002.