

from the team to Susan Kuhbach, Acting Deputy Assistant Secretary for Group 1, entitled "Treatment of Self-Produced Inputs in the Less Than Fair Investigation on Polyvinyl Alcohol from the People's Republic of China."

### C. Factors of Production

For purposes of calculating NV, we valued PRC factors of production, in accordance with section 773(c)(1) of the Act. Factors of production include, but are not limited to: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital cost, including depreciation. In examining surrogate values, we selected, where possible, the publicly available value which was: (1) An average non-export value; (2) representative of a range of prices within the POI or most contemporaneous with the POI; (3) product-specific; and (4) tax-exclusive. For a more detailed explanation of the methodology used in calculating various surrogate values, see the memorandum entitled "Preliminary Determination Factors Valuation Memorandum," dated March 14, 2003 (the Factors Memorandum), on file in the CRU.

In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. We added to Indian surrogate values surrogate freight costs using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corporation v. United States*, 117 F. 3d 1401, 1407–08 (Fed. Cir. 1997). For a discussion of the valuation of SVW's freight costs, see the "Export Price" section of this notice, above.

We valued acetic acid, d-tartaric acid, solid sodium hydroxide, sodium hexametaphosphate, sodium nitrite, sulfuric acid, and zinc oxide using Indian domestic market prices reported in *Chemical Weekly* contemporaneous with the POI. We valued activated carbon,<sup>10</sup> antioxidant, azodiisobutyronitrile, bacteria killer, hydroquinone, liquid ammonia, liquid sodium hydroxide, monoethanolamine, n-butyl acetate, polyferric sulfate, and sodium carbonate using India import statistics as published by the *Monthly*

*Statistics of Foreign Trade of India* covering the period April 2001 through January 2002.

We valued natural gas using a price obtained from the website of the Gas Authority of India Ltd., a supplier of natural gas in India, covering the period January through June 2002. For further discussion, see the Factors Memorandum.

To value paper bags and polyethylene plastic bags (*i.e.*, the packing materials reported by the respondent), we used import values from the *Monthly Statistics of Foreign Trade of India*.

Regarding the remaining raw material factors of production reported by SVW, we did not value these factors because: (1) Surrogate value information was not available; and (2) the materials were reported as used in very small amounts. Moreover, we did not value certain treatment chemicals used in treated water in our calculation of NV. Rather, we classified these treatment chemicals as part of factory overhead, in order to avoid the possibility of double counting them. See the Concurrence Memorandum.

Regarding electricity and steam, we valued each of the factors of production reported by SVW for which we were able to obtain surrogate value information (*i.e.*, direct labor, compressed air, and steam coal) using the regression-based wage rate from the Department's Import Administration website, the input factors provided by SVW, and the *Monthly Statistics of Foreign Trade of India*, respectively. We find that it is appropriate to value SVW's energy inputs in this manner given that the surrogate producer from which the factory overhead ratio is derived also produces its own electricity and steam. For further discussion on the valuation of electricity and steam, see the Concurrence Memorandum and the Factors Memorandum.

We valued labor based on a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3).

To determine factory overhead, depreciation, SG&A expenses,<sup>11</sup> interest expenses, and profit for the finished product, we relied on rates derived from the financial statements of Jubilant Organosys Ltd. (formerly VAM Organic Chemical Ltd.), an Indian producer of comparable merchandise. We applied

<sup>11</sup> Because we believe that SG&A labor is not classified as part of the SG&A costs reflected on Jubilant's financial statements, we have accounted for SG&A labor hours by calculating a dollar-per-MT labor hours amount and adding this amount to SG&A. For further discussion, see the March 14, 2003, memorandum from the Team, entitled "U.S. Price and Factors of Production Adjustments for the Preliminary Determination."

these ratios to SVW's costs (determined as noted above) for materials, labor, and energy, prior to the offset for the recovery of acetic acid. For further discussion, see the Factors Memorandum. See also the March 14, 2003, memorandum from the team to Susan Kuhbach entitled "Treatment of Self-Produced Inputs in the Less Than Fair Investigation on Polyvinyl Alcohol from the People's Republic of China."

Finally, SVW reported that it generated certain by-products as a result of the production of PVA or the inputs used to produce PVA.<sup>12</sup> Because either SVW did not provide sufficient information to permit the accurate valuation of these by-products or we were unable to obtain appropriate surrogate value data for them, we did not value these by-products for the preliminary determination. For further discussion, see the Concurrence Memorandum.

### Verification

As provided in section 782(i) of the Act, we intend to verify all information relied upon in making our final determination.

### Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the Customs Service to suspend liquidation of all imports of subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. Because the estimated weighted-average preliminary dumping margin for SVW is *de minimis*, we are not directing the Customs Service to suspend liquidation of entries of merchandise produced and exported by SVW. We are also instructing the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin for all entries of PVA from the PRC, except for entries of this merchandise produced and exported by SVW. These suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/exporter	Weighted-average margin (in percent)
Sinopec Sichuan Vinylon Works ..	0.20
PRC-wide .....	97.86

<sup>12</sup> These by-products included alkynes gas, methyl acetate, and PVA scrap.

<sup>10</sup> See the Factors Memorandum for discussion of our selection of surrogate value data for activated carbon.