

governmental control based on record statements and supporting documentation showing that: (1) Shandong and CalCedar-Tianjin set their own export prices independent of the government and without the approval of a government authority; (2) Shandong and CalCedar-Tianjin have the authority to negotiate and sign contracts and other agreements; (3) Shandong and CalCedar-Tianjin have adequate autonomy from the government regarding the selection of management; and (4) Shandong and CalCedar-Tianjin retain the proceeds from their sales and make independent decisions regarding the disposition of profits or financing of losses.

The evidence placed on the record of this review by Shandong and CalCedar-Tianjin demonstrates an absence of government control, both in law and in fact, with respect to their exports of the merchandise under review, in accordance with the criteria identified in *Sparklers and Silicon Carbide*. Therefore, for the purposes of these preliminary results, we are granting a separate rate to both Shandong and CalCedar-Tianjin.

Fair Value Comparisons

To determine whether the respondents' sales of subject merchandise were made at less than NV, for Shandong, we compared the export price (EP) to NV, as described in the *Export Price* and *Normal Value* sections of this notice, below. For CalCedar-Tianjin, we compared the constructed export price (CEP) to NV, as described in the *Constructed Export Price* and *Normal Value* sections of this notice, below.

Export Price

In accordance with section 772(a) of the Act, the Department calculated an EP for sales by Shandong to the United States because the subject merchandise was sold directly to an unaffiliated customer in the United States prior to importation and CEP methodology was not otherwise indicated. We made deductions from the sales price for foreign inland freight, foreign brokerage and handling, and domestic inland insurance. Each of these services was provided by a NME vendor, and thus, we based the deductions for these movement charges on surrogate values.

We valued foreign brokerage and handling using Indian values that were reported in the public version of the questionnaire response placed on the record in *Certain Stainless Steel Wire Rod from India; Preliminary Results of Antidumping Duty Administrative and New Shipper Review*, 63 FR 48184

(September 9, 1998) (*India Wire Rod*). We valued domestic inland insurance using the Department's recently revised *Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the PRC* (available on the Department's website at <http://ia.ita.doc.gov/factorv/prc/>). We identify the source used to value foreign inland freight in the *Normal Value* section of this notice, below. We adjusted these values, as appropriate, to account for inflation or deflation between the effective period and the POR. We calculated the inflation or deflation adjustments for all factor values, except labor, using the wholesale price indices (WPI) for India as published in the International Monetary Fund's (IMF's) publication, *International Financial Statistics*.

Constructed Export Price

In accordance with section 772(b) of the Act, the Department calculated a CEP for sales by CalCedar-Tianjin to the United States because the first sale to unaffiliated purchasers occurred after importation of the merchandise into the United States. CalCedar-Tianjin sold the subject merchandise to unaffiliated U.S. customers through its U.S. operations. We calculated CEP based on FOB and delivered prices from the respondent's U.S. parent company to unaffiliated customers. In accordance with section 772(c) of the Act, we deducted from the starting price movement charges including foreign inland freight, international freight, marine insurance, U.S. inland freight, U.S. customs duties, and U.S. warehousing expenses. In accordance with section 772(d)(1) of the Act, as applicable, we made deductions for the following selling expenses that related to economic activity occurring in the United States: indirect selling expenses, inventory carrying costs, and direct selling expenses (imputed credit expenses). In accordance with section 772(d)(3) of the Act, we deducted from the starting price an amount for profit.

Because all of the subject merchandise exported by CalCedar-Tianjin during the POR was shipped to the United States using a market-economy shipper and the shipper was paid using a market-economy currency, we used the reported cost of international freight to calculate CEP rather than a surrogate value. Additionally, all shipments of CalCedar-Tianjin's subject merchandise were insured through a market-economy marine insurance provider and the provider was paid using a market-economy currency. Therefore we used the actual price paid for marine insurance for all of CalCedar-Tianjin's

sales. See *Non-Frozen Apple Juice Concentrate from the People's Republic of China; Preliminary Results of 1999–2001 Administrative Review and Partial Rescission of Review*, 67 FR 45451, 45466 (July 9, 2002), where the Department noted that when some or all of a specific company's ocean freight or marine insurance was provided directly by market economy companies and paid for in a market economy currency, it is appropriate to use the reported market economy ocean freight or marine insurance cost for all U.S. sales made by that company. Also, see 19 CFR 351.408(c)(1).

As noted in the EP section above, we valued foreign brokerage and handling using an Indian value for brokerage and handling identified in *India Wire Rod*. Because this value was in effect during a period that is not contemporaneous with the POR, we inflated the value using the Indian WPI. We identify the source used to value foreign inland freight in the *Normal Value* section of this notice, below.

Normal Value

For exports from NME countries, section 773(c)(1) of the Act provides that the Department shall determine NV using a factors of production (FOP) methodology if: (1) the subject merchandise is exported from a NME country, and (2) available information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. Section 351.408 of the Department's regulations sets forth the methodology used by the Department to calculate the NV of merchandise exported from NME countries. In every case conducted by the Department involving the PRC, the PRC has been treated as a NME. Since none of the parties to this proceeding contested such treatment, we calculated NV in accordance with section 773(c)(3) and (4) of the Act and section 351.408(c) of the Department's regulations.

In accordance with section 773(c)(3) of the Act, the FOPs utilized in producing pencils 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 costs, including depreciation. In accordance with section 773(c)(4) of the Act, the Department valued the FOPs, to the extent possible, using the costs of the FOP in a market economy that is (1) at a level of economic development comparable to the PRC, and (2) a significant producer of comparable merchandise. We determined that India is comparable to