

further discussion of our surrogate-country selection). To value foreign inland trucking charges, we used truck freight rates published in Indian *Chemical Weekly* and distance information obtained from the following websites: <http://www.infreight.com>, <http://www.sitaindia.com/Packages/CityDistance.php>, and <http://www.abcindia.com>. Based on our verification findings, we revised the reported distance from Xumingyuan to the port of exportation (see page 10 of Xumingyuan's verification report). To value foreign brokerage and handling expenses, we relied on public information reported in the 1998 - 1999 new shipper and administrative reviews of the antidumping order on stainless steel bar from India (*See Stainless Steel Bar from India: Final Results of Antidumping Duty Administrative Review and New Shipper Review and Partial Rescission of Administrative Review*, 65 FR 48965 (August 10, 2000)).

Normal Value

A. Non-Market-Economy Status

In every case conducted by the Department involving the PRC, the PRC has been treated as an NME country. Pursuant to section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority (*see Notice of Preliminary Results of Antidumping Duty Administrative Review and Preliminary Partial Rescission of Antidumping Duty Administrative Review: Freshwater Crawfish Tail Meat From the People's Republic of China*, 66 FR 52100, 52103 (October 12, 2001)). None of the parties to this proceeding has contested such treatment. Accordingly, we calculated normal value in accordance with section 773(c) of the Act, which applies to NME countries.

B. Surrogate Country

Section 773(c)(4) of the Act requires the Department to value a NME producer's factors of production, to the extent possible, in one or more market-economy countries that (1) are at a level of economic development comparable to that of the NME country, and (2) are significant producers of comparable merchandise. India was among the countries comparable to the PRC in terms of overall economic development (*see* December 11, 2002, Memorandum from the Office of Policy to Irene Darzenta Tzafolias). In addition, based on publicly available information placed on the record (*e.g.*, Indian producer financial statements), India is

a significant producer of the subject merchandise. Accordingly, we considered India the surrogate country for purposes of valuing the factors of production because it meets the Department's criteria for surrogate-country selection.

C. Factors of Production

In accordance with section 773(c) of the Act, we calculated normal value based on the factors of production which included, but were not limited to: (A) hours of labor required; (B) quantities of raw materials employed; (C) amounts of energy and other utilities consumed; and (D) representative capital costs, including depreciation. We used the factors reported by each of the respondents which produced the brake rotors it exported to the United States during the POR. To calculate normal value, we multiplied the reported unit factor quantities by publicly available Indian values.

Based on our verification findings at Hengtai, we revised the per-unit weight reported for adhesive tape (*see* page 14 of the Hengtai's verification report). Based on our verification findings at Xumingyuan, we revised the reported per-unit weight for three of its packing materials (*i.e.*, corrugated paper cartons, wood pallet and steel pallet), and the distance reported from Xumingyuan to its plywood supplier. (*See* pages 13 and 15 of Xumingyuan's verification report).

The Department's selection of the surrogate values applied in this determination was based on 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 those values not contemporaneous with the POR and quoted in a foreign currency, we adjusted for inflation using wholesale price indices published in the International Monetary Fund's *International Financial Statistics*. (*See* Preliminary Results Valuation Memorandum dated May 27, 2003, for a detailed explanation of the methodology used to calculate surrogate values.)

To value pig iron, steel scrap, ferrosilicon, ferromanganese, limestone, lubrication oil, coking coal, and firewood, we used April 2002–August

2002 average import values from *Monthly Statistics of the Foreign Trade of India* ("Monthly Statistics"). We relied on the factor specification data submitted by the respondents for the above-mentioned inputs in their questionnaire and supplemental questionnaire responses, as verified by the Department, for purposes of selecting surrogate values from *Monthly Statistics*.

We also added an amount for loading and additional transportation charges associated with delivering coal to the factory based on June 1999 Indian price data contained in the periodical *Business Line*.

We based our surrogate value for electricity on 2000–2001 data from the Government of India's Planning Commission report entitled *The Working of State Electricity Boards & Electricity Departments Annual Report* (2001–2002).

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

To value selling, general, and administrative ("SG&A") expenses, factory overhead and profit, we used the 2000–2001 financial data of Kalyani Brakes Limited ("Kalyani"), Mando Brake Systems India Limited ("Mando"), and Rico Auto Industries Limited ("Rico").

Where appropriate, we removed from the surrogate overhead and SG&A calculations the excise duty amount listed in the financial reports. We made certain adjustments to the ratios calculated as a result of reclassifying certain expenses contained in the financial reports. For further discussion of the adjustments made, *see* the Preliminary Results Valuation Memorandum, dated May 27, 2003.

To value corrugated paper cartons, nails, plastic bags and sheets/covers, steel strip and straps/buckles, tape, pallet wood, plywood, and hot-rolled carbon steel for pallet construction, we used April 2002–August 2002 average import values from *Monthly Statistics*. Both respondents included the weight of the straps/buckles in their reported steel strip weights. Because the material of the straps/buckles and steel strip was the same for both inputs, we valued these factors using the combined weight reported by the respondents.

All inputs were shipped by truck. Therefore, to value PRC inland freight, we used a freight rates published in *Indian Chemical Weekly* and distance information obtained from the following websites: <http://www.infreight.com>, <http://www.sitaindia.com/Packages/CityDistance.php>, and <http://www.abcindia.com>.