

compared the petitioners' factor consumption data to that data on the record of this investigation. As discussed in a separate memorandum to the file, we found that the factors consumption data in the petition were reasonable and of probative value. *See* Memorandum to the File Regarding Total Facts Available Corroboration Memorandum for the PRC-Wide Rate, dated May 28, 2003. The values for the factors of production in the petition were based on publicly available information for comparable inputs. Therefore, we find that these Indian surrogate values are sufficiently corroborated.

As a result of this calculation, the PRC-wide rate, for the preliminary determination, is 146.41 percent. Because this is a preliminary margin, the Department will consider all margins on the record at the time of the final determination for the purpose of determining the most appropriate final PRC-wide margin.

#### Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production, valued in a surrogate market economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department, in valuing the factors of production, shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economy countries that are at a level of economic development comparable to the NME country and are significant producers of comparable merchandise. The sources of the surrogate factor values are discussed under the NV section below.

The Department has determined that India, Pakistan, Indonesia, Sri Lanka and the Philippines are countries comparable to the PRC in terms of economic development. *See* Memorandum from Jeffrey May to Abdelali Elouaradia: Antidumping Duty Investigation on Certain Malleable Iron Pipe Fittings from the People's Republic of China, dated January 13, 2003. Customarily, we select an appropriate surrogate based on the availability and reliability of data from these countries. For PRC cases, the primary surrogate has often been India if it is a significant producer of comparable merchandise. In this case, we have found that India is a significant producer of comparable merchandise.

We used India as the primary surrogate country and, accordingly, we

have calculated NV using Indian prices to value the PRC producers' factors of production, when available and appropriate. *See* Surrogate Country Selection Memorandum to The File from Anya Naschak, Case Analyst, dated May 28, 2003, (Surrogate Country Memorandum). We have obtained and relied upon publicly available information wherever possible. *See* Factors of Production Valuation Memorandum for the Preliminary Determination to The File from Case Analysts, dated May 28, 2003 (Factor Valuation Memorandum).

In accordance with section 351.301(c)(3)(i) of the Department's regulations, for the final determination in an antidumping investigation, interested parties may submit publicly available information to value factors of production within 40 days after the date of publication of this preliminary determination.

#### Fair Value Comparison

To determine whether sales of MPF to the United States by JMC, SLK, and Pannext were made at less than fair value, we compared EP or constructed export price (CEP), as appropriate, and NV, as described in the "Export Price and Constructed 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 or CEPs.

#### Export Price and Constructed Export Price

In accordance with section 772(a) of the Act, for respondent JMC we used EP because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and because CEP was not otherwise indicated. As explained below, for respondents SLK and Pannext, we used CEP. In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI-wide weighted-average EPs or CEPs to the NVs.

We calculated EP based on prices to unaffiliated purchasers in the United States. For JMC we made deductions, where appropriate, for foreign inland freight, brokerage and handling, international freight, marine insurance, and other sales specific adjustments. *See* Proprietary Memorandum from Ann Barnett-Dahl to Abdelali Elouaradia: Preliminary Determination Analysis Memorandum for Jinan Meide Casting Co., Ltd., dated May 28, 2003 (JMC Analysis Memo). Because marine insurance was provided by an NME company, we based it on a surrogate rate from a publicly available price list for

India. *See* Factor Valuation Memorandum.

SLK classified all of its sales of the subject merchandise in the United States as CEP sales in its questionnaire response. SLK made all of its U.S. sales of the subject merchandise to the first unaffiliated U.S. customer prior to importation by LDR, its U.S. affiliated reseller. We examined the facts surrounding the U.S. sales process.

LDR handled the sales of the subject merchandise in the United States during the POI. LDR conducted all sales negotiations without SLK's participation, received purchase orders from U.S. customers and sent order confirmations to these customers. LDR also issued all invoices and received payment from its U.S. customers. *See* Section A Questionnaire Response (January 29, 2003), and Section A Supplemental Questionnaire Response (February 25, 2003). Because LDR made all sales in the United States, the Department preliminarily determines that SLK's U.S. sales were made "in the United States" within the meaning of section 772(b) of the Act, and, thus, should be treated as CEP transactions.

We calculated weighted-average CEPs for SLK's U.S. sales made in the United States through its U.S. affiliate. We based CEP on the reported gross unit prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, for discounts, rebates, marine insurance, international freight, U.S. duties, and for foreign inland freight from the plant to the port of exportation in accordance with section 772(c)(2)(A) of the Act. To calculate inland freight, we multiplied the reported distance from the plant to the port of exit by a surrogate truck freight rate from India. In accordance with section 772(d)(1) of the Act, we deducted from CEP direct and indirect selling expenses (*i.e.*, advertising and imputed credit expenses, and indirect selling expenses and inventory carrying costs) that were associated with LDR's economic activities occurring in the United States. *See* Proprietary Memorandum from Helen Kramer to Abdelali Elouaradia: Preliminary Determination Analysis Memorandum for Beijing Sai Lin Ke Hardware Co., Ltd. and LDR Industries, dated May 28, 2003 (SLK Analysis Memo).

In its questionnaire response Pannext classified all of its sales of the subject merchandise in the United States as CEP sales. All of Pannext's U.S. sales of the subject merchandise to the first unaffiliated U.S. customer during the POI were made prior to importation through PFC, a U.S.-based affiliated