

expenses (including inventory carrying costs), and other direct selling expenses. In accordance with section 772(d)(3) of the Act, we also deducted from the starting price an amount for profit.

#### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value ("NV") using a factors-of-production methodology if: (1) The subject merchandise is exported from an NME country, and (2) the Department finds that the available information does not permit the calculation of NV under section 773(a) of the Act. We have no basis to determine that the available information would permit the calculation of NV using PRC prices or costs. Therefore, we calculated NV based on factors data in accordance with section 773(c) of the Act and 19 CFR 351.408(c).

Under the factors-of-production methodology, we are required to value, to the extent possible, the NME producer's inputs in a market economy country that is at a comparable level of economic development and that is a significant producer of comparable merchandise. We chose Poland as the primary surrogate, a significant producer of the comparable merchandise, apple juice concentrate, on the basis of the criteria set out in sections 773(c)(2)(B) and 773(c)(4) of the Act, and in 19 CFR 351.408(b). Although Poland was not on the Office of Policy's list of most comparable economies, we were unable to establish that these comparable economies were significant producers of comparable merchandise. We have applied surrogate values based on publicly available information from Poland for the major input, juice apples, as well as electricity, factor overhead, SG&A and profit ratios. However, since we were unable to obtain Polish data to value the other miscellaneous factors of production, we have valued these inputs using public information on the record for India, one of the comparable economies identified by the Office of Policy. Because some of the Indian import data was not contemporaneous with the POR, unless otherwise noted, we inflated the data to the POR using the Indian wholesale price indices ("WPI") published by the International Monetary Fund. See the June 30, 2003, Memorandum to Jeff May from Susan Kuhbach "Surrogate Selection and Valuation—Non-Frozen Apple Juice Concentrate from China ("Surrogate Country Memo") for a further discussion of our surrogate selection, which is on file in the Department's

Central Records Unit in Room B-099 of the main Department building ("CRU").

Pursuant to the Department's factors-of-production methodology as provided in section 773(c) of the Act and 19 CFR 351.408(c), we valued the respondents' reported factors of production by multiplying them by the following values (for a complete description of the factor values used, see the Memorandum to Susan Kuhbach: "Factors of Production Values Used for the Preliminary Results," dated June 30, 2003, which is on file in the CRU):

*Juice Apples:* We have valued juice apples using prices of juice apples in Poland, covering 33 weeks of the POR, which were provided to the Department by the Foreign Agriculture Service ("FAS") at the U.S. Embassy in Warsaw, Poland. This pricing data was obtained by the FAS from the Polish Foreign Agricultural Markets Monitoring Unit/ Foundation for Aid Programs for Agriculture and the Institute of Agricultural Economics. The average value of these 33 prices is \$34.54 per metric ton.

*Processing Agents:* We valued pectinex enzyme, amylase enzyme, bentonite, diatomite, gelatin, silica gel, and activated carbon for the POR using the World Trade Atlas data for India which is based on data reported by the DGCI&S of the Ministry of Commerce, which also supplies the same data for the Monthly Statistics of the Foreign Trade of India, Volume II: Imports ("Indian import statistics").

*Labor:* Pursuant to section 351.408(c)(3) of the Department's regulations, we valued labor using the regression-based wage rate for the PRC published by Import Administration on its website.

*Electricity and Steam Coal:* To value electricity, we used Polish industrial electricity rate data from the Energy Prices & Taxes—Quarterly Statistics (Third Quarter 2000) published by the International Energy Agency. We determined that the most contemporaneous and detailed information on the record for steam coal could be derived from the Energy Data Directory & Yearbook (2001/2002) published by Tata Energy Research Institute ("TERI"). The data for the Indian domestic price of steam coal is contemporaneous with the POR and broken out by useful heat value ("UHV"). The available Polish steam coal data was not broken out by useful heat value.

*Factory Overhead, SG&A, and Profit:* We derived ratios for factory overhead, SG&A, and profit, using the 2002 financial statement of Agros Fortuna, a public company in Poland that

produces products similar to the subject merchandise.

*Packing Materials:* We calculated values for aseptic bags, plastic liners, labels, wood bins, steel corners, steel bolts, steel bands, steel clips, styrofoam padding, adhesive tape, nails, and cardboard boxes using the World Trade Atlas data for India for the POR. We converted values from a per kilogram to a per piece basis, where necessary.

For steel drums, we could not find a reliable current Indian value. Therefore, we used a 1994 Indonesian price and inflated it using the Indonesian WPI.

*Inland Freight Rates:* To value truck freight rates, we used an April 2002 article from the Iron and Steel Newsletter, which quotes information derived from the website, [www.infreight.com](http://www.infreight.com). With regard to rail freight, we based our calculation on posted rail rates from the Indian Railways at [www.indianrailways.gov.in](http://www.indianrailways.gov.in). We calculated an average per kilometer per metric ton rate.

*International Freight:* We used rates collected from the Descartes online system. Where an individual PRC producer-exporter used a market-economy shipper and paid for the shipping in a market-economy currency, and could provide the complete documentation of the transaction, we calculated an average price for shipping paid by that producer/exporter.

*Marine Insurance:* We were unable to find a marine insurance rate from an Indian supplier of marine insurance. Furthermore, there is no other information on the record valuing marine insurance from another surrogate country. Therefore, we have used a POR price quote from a U.S. insurance provider, as we have in past PRC cases. See also 14th Administrative Review of Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China, Memo to Susan Kuhbach, "Factors of Production Values used for the Preliminary Results," July 1, 2002. (This was consistent with the Court of International Trade's decision that the Department must "determine marine insurance in a manner reasonably related to the value and risks of transporting TRBs." See *Peer Bearing Company v. U.S.*, 12 F Supp. 2D 445 (CIT 1998)).

*Brokerage and Handling:* The brokerage and handling amount used in our calculations was derived from an amount charged in Indian Rupees by an Indian shipping company. This figure was taken from the public version of a U.S. sales listing reported in the questionnaire response submitted by Meltroll Engineering, for *Stainless Steel*