

the foreign like product is sold in the home market, provided that the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate), that the time of the sales reasonably corresponds to the time of the sale used to determine export price (EP) or CEP, and that there is no particular market situation that prevents a proper comparison with the EP or CEP. The statute contemplates that quantities (or value) will normally be considered insufficient if they are less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States.

We found that SIW had a viable home market for PC strand. As such, the respondent submitted home market sales data for purposes of the calculation of NV.

In deriving NV, we made adjustments as detailed in the *Calculation of Normal Value Based on Home Market Prices* and *Calculation of Normal Value Based on Constructed Value* sections below.

#### B. Cost of Production Analysis

Based on allegations contained in the petition, and in accordance with section 773(b)(2)(A)(i) of the Act, we found reasonable grounds to believe or suspect that PC strand sales were made in Thailand at prices below the cost of production (COP). See *Initiation Notice*, 68 FR at 9050. As a result, the Department has conducted an investigation to determine whether SIW made home market sales at prices below their respective COPs during the POI within the meaning of section 773(b) of the Act. We conducted the COP analysis described below.

##### 1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for the home market general and administrative (G&A) expenses, including interest expenses and packing expenses.

We relied on the COP information submitted by SIW in its cost questionnaire responses, except for the following adjustments:

- a. We disallowed SIW's claimed labor and overhead adjustment factors.
- b. We adjusted SIW's financial expense and G&A ratios in accordance with the Department's change in the treatment of foreign exchange gains and losses.
- c. We adjusted SIW's G&A ratio to exclude gain on forward hedging and gain on stock valuation.

See Memorandum from James Balog, Accountant, to Neal Halper, Director, Office of Accounting, Re: Cost of Production Calculation Adjustments for the Preliminary Determination, dated July 10, 2003.

SIW departed from its normal accounting records in allocating labor and overhead costs to specific dimensions of PC strand products produced. In departing from its normal books and records, SIW claimed that it relied on engineering information to determine adjustment ratios. In our supplemental questionnaire issued on June 13, 2003, we requested that SIW provide supporting information for the engineering factors used. However, SIW failed to provide adequate support and explanation for the derivation of these adjustment factors. As such, for the preliminary determination, we did not rely on the production engineering information used by SIW to adjust the standard labor and overhead costs maintained in its normal books and records and instead, relied on facts otherwise available. Sections 776(a)(2)(A) and (D) of the Act provide that if an interested party withholds information that has been requested, or provides information which cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. Pursuant to sections 782(d) and (e) of the Act the Department shall not decline to consider submitted information if all of the following requirements are met: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

When asked to submit additional information to support its adjustments, SIW failed to adequately do so in its June 27, 2003, supplemental section D response. We believe the information provided to support SIW's adjustments was incomplete and cannot serve as a reliable basis for reaching a determination. As facts otherwise available, we relied on the labor and overhead cost allocations as maintained in its normal books and records, unadjusted. On July 10, 2003, we issued a second supplemental D questionnaire giving SIW another opportunity to provide the requested information. The due date for submission of this information is July 17, 2003.

##### 2. Test of Home Market Sales Prices

We compared the adjusted weighted-average COP for SIW to its home-market sales prices of the foreign like product, as required under section 773(b) of the Act, to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, a period of one year) in substantial quantities and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time.

On a model-specific basis, we compared the revised COP to the home market prices, less any applicable movement charges, discounts, rebates, billing adjustments, and direct and indirect selling expenses (which were also deducted from COP).

##### 3. Results of the COP Test

Pursuant to section 773(b) of the Act, which provides that sales made below COP may be disregarded only if, among other things, they are made in "substantial quantities" (*i.e.*, 20 percent or more of a respondent's sales of a given product), we did not disregard any below-cost sales because we determined that the below-cost sales were not made in "substantial quantities." As this was the case for all products sold in the home market, we did not disregard any sales as below-cost.

#### C. Calculation of Normal Value Based on Home Market Prices

We determined NV for the respondent company as follows. We made adjustments for any differences in packing and deducted home market movement expenses pursuant to sections 773(a)(6)(A) and 773(a)(6)(B)(ii) of the Act. In addition, we made adjustments for differences in circumstances of sale (COS) pursuant to section 773(a)(6)(C)(iii) of the Act by deducting billing adjustments, discounts, rebates, and direct selling expenses incurred for home market sales (credit expenses).

#### D. Arm's-Length Sales

SIW reported sales of the foreign like product to an affiliated end-user customer and an affiliated reseller. To test whether these sales to affiliated customers were made at arm's length, where possible, we compared the prices of sales to affiliated and unaffiliated customers, net of all movement charges, direct selling expenses, and packing. Where the price to the affiliated party was, on average, between 98 and 102 percent of the price to unaffiliated parties, we determined that sales made to the affiliated party were at arm's length. See *Antidumping Proceedings*: