

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 G&A expenses, including interest expenses, and packing expenses. We relied on the COP data submitted by Camesa in its cost questionnaire response, except for an adjustment to the calculation of Camesa's interest expense ratio to include net foreign exchange gains and losses and exclude monetary position gain. See Memorandum from Margaret Pusey, Accountant, to Neal M. Halper, Director, Office of Accounting, Re: Cost of Production Calculation Adjustments for the Preliminary Determination, dated July 10, 2003.

2. Test of Home Market Sales Prices

We compared the adjusted weighted-average COP for Camesa 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, 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 Camesa 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,

where applicable in comparison to EP transactions, we made adjustments for differences in circumstances of sale (COS) pursuant to section 773(a)(6)(C)(iii) of the Act.

We made COS adjustments for Camesa's EP transactions by deducting direct selling expenses incurred for home market sales (credit expenses) and adding U.S. direct selling expenses (credit expenses).

D. Level of Trade/Constructed Export Price Offset

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade as the EP or CEP transaction. The NV level of trade is that of the starting-price sales in the comparison market. For EP sales, the U.S. level of trade is also the level of the starting-price sale, which is usually from exporter to importer. For CEP transactions, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different level of trade than EP or CEP transactions, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different level of trade and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the level of trade of the export transaction, we make a level-of-trade adjustment under section 773(a)(7)(A) of the Act.

In implementing these principles in this investigation, we obtained information from Camesa about the marketing stages involved in the reported U.S. and home market sales, including a description of the selling activities performed by the respondent for each channel of distribution. In identifying levels of trade for EP and home market sales we considered the selling functions reflected in the starting price before any adjustments. For CEP sales, we considered only the selling activities reflected in the price after the deduction of expenses pursuant to section 772(d) of the Act.

In conducting our level-of-trade analysis for Camesa, we examined the specific types of customers, the channels of distribution, and the selling practices of the respondent. Generally, if the reported levels of trade are the same, the functions and activities of the seller should be similar. Conversely, if a party reports levels of trade that are different

for different categories of sales, the functions and activities may be dissimilar. We found the following.

Camesa has reported one channel of distribution in the home market, (1) sales to unaffiliated end users and distributors, and three channels of distribution in the U.S. market, (2) EP sales to unaffiliated end users, (3) CEP sales through an affiliated importer to unaffiliated end users, and (4) CEP sales through an affiliated importer to unaffiliated resellers. Camesa has reported two customer categories in the home market, (1) distributors and (2) direct customers. The company performed the same selling functions for all home market customers, and, therefore, has only one level of trade in the home market. Camesa has reported two customer categories in the U.S. market, (1) trading companies and (2) direct customers. In the U.S. market all of the EP sales were sold to direct customers. In comparing EP sales to home market sales, we found that the selling functions performed by Camesa for its different customers and channels of distribution were very similar in each market. Therefore, we concluded that the EP and home market levels of trade were the same.

With regard to the U.S. sales through an affiliated importer, which were all CEP sales, we considered only the selling activities reflected in the price after the deduction of expenses and profit covered in section 772(d) of the Act. For home market sales, Camesa provided selling functions such as sales processing, credit and collections, inventory, and freight. We found that for CEP sales, except for credit and collections, Camesa provided the same services with the addition of packing and documentation for export. Based on the similarities of selling functions provided by Camesa in both markets, we have determined that the CEP sales are made at the same level of trade as the home market sales. Therefore, we find it unnecessary to make any LOT or CEP adjustments.

Currency Conversions

We made currency conversions into U.S. dollars in accordance with section 773A of the Act based on exchange rates in effect on the dates of the U.S. sale, as obtained from the Federal Reserve Bank (the Department's preferred source for exchange rates).

Critical Circumstances

On June 17, 2003, the petitioners alleged that there is a reasonable basis to believe or suspect critical circumstances exist with respect to the antidumping investigations of PC strand