

reported one customer category and one channel of distribution (direct sales to original equipment manufacturers). In its response, CBCC stated that it performs the same type of services for home market customers as it does for its foreign market customers. For this reason, CBCC has not requested a LOT adjustment to NV for comparison to its EP and CEP sales.

Because of the similarity of the selling functions involved in the EP and CEP sales, we found there is only one LOT in the U.S. market. Moreover, in analyzing CBCC's selling activities in both the home and U.S. markets, we determined that essentially the same services were provided for both markets. The selling functions in both markets were minimal in nature and limited to arranging for freight and delivery. Therefore, based upon this information, we have preliminarily determined that for CBCC, the LOT for all U.S. sales is the same as that in the home market. Consequently, because we find the U.S. and home market sales to be at the same LOT, no LOT adjustment under section 773(a)(7) of the Act is warranted for CBCC.

Export Price

For CBCC (where appropriate) we used the Department's EP methodology, in accordance with section 772(a) of the Act, because CBCC sold the subject merchandise to unaffiliated purchasers in the United States prior to importation and because the Department's CEP methodology was not otherwise warranted. We made deductions from the starting price for movement expenses in accordance with section 772(c) of the Act. Movement expenses included, where appropriate, foreign inland freight, brokerage and handling, international freight, insurance and U.S. warehousing.

Constructed Export Price

In its October 15, 2002, response, CBCC reported sales to its U.S. affiliate, Dow, as CEP sales. CBCC also reported that Dow further manufactured the purchased silicon metal into a multitude of other products, mostly chemicals, and sold these products in the United States. Therefore, CBCC requested that the Department apply section 772(e) of the Act to the further manufactured sales.

Where appropriate, in accordance with section 772(d)(2) of the Act, the Department deducts from CEP the cost of any further manufacture or assembly in the United States, except where the special rule, provided in section 772(e) of the Act, is applied. Section 772(e) of the Act provides that, where the subject

merchandise is imported by an affiliated person and the value added in the United States by the affiliated person is likely to exceed substantially the value of the subject merchandise, the Department has the discretion to determine the CEP using alternative methods.

The alternative methods for establishing CEP are: (1) The price of identical subject merchandise sold by the exporter or producer to an unaffiliated person; or (2) the price of other subject merchandise sold by the exporter or producer to an unaffiliated person. The Statement of Administrative Action (SAA) notes the following with respect to these alternatives:

There is no hierarchy between these alternative methods of establishing the export price. If there is not a sufficient quantity of sales under either of these alternatives to provide a reasonable basis for comparison, or if the Department determines that neither of these alternatives is appropriate, it may use any other reasonable method to determine CEP, provided that it supplies the interested parties with a description of the method chosen and an explanation of the basis for its selection. Such a method may be based upon the price paid to the exporter or producer by the affiliated person for the subject merchandise, if the Department determines that such price is appropriate.

To determine whether the value added is likely to exceed substantially the value of the subject merchandise, we estimated the value added based on the difference between the averages of the prices charged to the first unaffiliated purchaser for one form of the merchandise sold in the United States and the averages of the prices paid for the subject merchandise by the affiliated person. *See* 19 CFR 351.402(2). Based on this analysis, and the information on the record, we determined that the estimated value added in the United States by Dow accounted for at least 65 percent of the price charged to the first unaffiliated customer for the merchandise as sold in the United States. Therefore, we determined that the value added is likely to exceed substantially the value of the subject merchandise. As a consequence, the Department has relied upon an alternative methodology to calculate CBCC's margin for these sales. However, we found that there is not a sufficient quantity of sales to unaffiliated parties to use such sales as an alternative method of establishing export price. Therefore, as the alternative methodology, the Department used the price paid to CBCC by Dow. *See* Section 772(e) Memorandum from Thomas F. Futtner, Acting Office Director, to Holly

A. Kuga, Acting Deputy Assistant Secretary, dated July 22, 2003, which is on file in the CRU.

Normal Value

1. Viability

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than five percent of the aggregate volume of U.S. sales), we compared CBCC's volume of home market sales of the foreign like product to the volume of its U.S. sales of subject merchandise, in accordance with section 773(a)(1) of the Act. Since CBCC's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market provides a viable basis for calculating NV. Therefore, pursuant to section 773(a)(1)(B) of the Act, we based NV on home market sales.

2. COP Analysis

On November 4, 2002, petitioners filed a timely sales-below-cost allegation with respect to CBCC. In the case of CBCC, petitioners' allegation was based on CBCC's antidumping duty questionnaire responses. Upon review of the allegation, we found that petitioners' methodology provided the Department with a reasonable basis to believe or suspect that sales in the home market had been made at prices below the COP by CBCC. Accordingly, pursuant to section 773(b)(1) of the Act, we initiated an investigation to determine whether CBCC's sales of silicon metal were made at prices below the COP during the POR. *See* Memorandum Regarding the Analysis of Petitioners' Allegation of Sales Below the COP for CBCC, dated February 10, 2003.

A. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated company- and product-specific COPs based on the sum of CBCC's cost of materials and fabrication for the foreign like product, plus amounts for home market SG&A expenses, including interest expenses, and packing costs.

We relied on the COP information submitted by CBCC in its questionnaire responses and verified by the Department.

B. Test of Home Market Sales Prices for CBCC

For CBCC, we compared the per-unit adjusted weighted-average COP figures