

a. We revised the G&A and interest expense factor by removing packing expenses from the denominator of Liepajas Metalurgs' original calculation. Additionally, we removed net exchange rate gains and losses from G&A and included them in the calculation of the financial expense factor.

b. We recalculated ASC's reported expense for cutting rebar.

2. Test of Comparison Market Sales Prices

We compared the adjusted weighted-average COP for Liepajas Metalurgs 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.

3. Results of the COP Test

We disregarded below-cost sales where (1) 20 percent or more of Liepajas Metalurgs' sales of a given product were made at prices below the COP and such sales were made within an extended period of time in substantial quantities in accordance with sections 773(b)(2)(B) and (C) of the Act, and (2) based on comparisons of price to weighted-average COPs for the POR, we determined that the below-cost sales of the product were at prices which would not permit recovery of all costs within a reasonable time period, in accordance with section 773(b)(2)(D) of the Act. We found that Liepajas Metalurgs made sales below cost and we disregarded such sales where appropriate.

C. Calculation of Normal Value Based on Comparison-Market Prices

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

the following additional adjustment to the calculation of normal value. *See* the Analysis Memorandum.

We recalculated Liepajas Metalurgs' and ASC's indirect selling expense calculation to incorporate certain expenses found at verification.

As reported in its December 16, 2002, Section B Questionnaire Response (Section B), Liepajas Metalurgs made sales of "non-commercial length" rebar during the POR. Liepajas Metalurgs considers the merchandise corresponding to these sales to be a "by-product from production of commercial length" rebar. *See* Section B at B-6. Accordingly, Liepajas Metalurgs sold the non-commercial length products at "salvage value" in the home market. Therefore, we have designated the non-commercial length rebar as non-prime in our calculation of Liepajas Metalurgs' antidumping duty margin. We confirmed at verification that Liepajas Metalurgs sold no such merchandise in the U.S. market.

In addition to these adjustments, we have made modifications to the calculation of normal value based on the facts otherwise available, as discussed in the *Facts Available* section of this notice.

D. Calculation of Normal Value Based on Constructed Value

For those comparisons with no identical matches, we compared EP to CV, as a neutral facts available adjustment, because of ASC's inability to report all of the sales data requested by the Department. *See* the *Facts Available* section above. Section 773(e) of the Act provides that CV shall be based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for selling, G&A expenses, profit, and U.S. packing.

We calculated CV based on the methodology described in the COP section, above. In accordance with section 773(e)(2)(A) of the Act, we used the actual amounts incurred and realized by Liepajas Metalurgs in connection with the production and sale of the foreign like product, in the ordinary course of trade, for consumption in the comparison market to calculate selling expenses and profit. For price-to-CV comparisons, we made adjustments to CV for COS differences, pursuant to section 773(a)(8) of the Act. Specifically, we made COS adjustments by deducting direct selling expenses incurred for home market sales (credit expenses) and adding U.S. direct selling expenses (credit expenses).

E. Level of Trade Adjustment

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 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.

To determine whether NV sales are at a different level of trade than EP 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 administrative review, we obtained information from Liepajas Metalurgs 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.

In conducting our level-of-trade analysis for Liepajas Metalurgs, 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.

Liepajas Metalurgs reported three channels of distribution in the home market: 1) direct sales by Liepajas Metalurgs; 2) sales by Liepajas Metalurgs' RSO; and 3) sales by ASC. In the U.S. market, Liepajas Metalurgs reported one channel of distribution: direct sales by Liepajas Metalurgs. The company reported three customer categories in the home market: 1) traders; 2) end users; and 3) service centers. We found that the selling functions performed by Liepajas Metalurgs differed significantly for