

Japan**Export Price**

For a description of export price for Japan, *see Export Price for All Countries* above. Petitioner also adjusted the AUV for foreign inland freight expenses based upon information obtained from a foreign market researcher. *See* Petition at Exhibit 7 and Supplemental Response at pages 28–29 and Exhibit H. Petitioner made no other adjustments to U.S. price, claiming this resulted in a conservative estimate.

Normal Value

With respect to NV, Petitioner relied on the same foreign market researcher to obtain price quotes for the foreign like product sold in Japan. Petitioner obtained from the market researcher price quote for alkaline grade, powder form EMD sold in the Japanese home market which the researcher indicates is the same type and grade sold in the United States. *See* Petition at Exhibit 7 and Supplemental Response Exhibit H. Petitioner adjusted this price by deducting total movement expenses. Petitioner made no deduction for imputed credit expenses. *See Initiation Checklist*. Petitioner claimed this was a conservative estimate, as foreign market research revealed payment terms in a range of periods.

Claiming that the Japanese producer's sales of the foreign like product were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, Petitioner requested that the Department initiate a country-wide sales-below-cost investigation. *See* Petitioner's August 14, 2003 letter. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, and packing. Petitioner calculated COM based on Petitioner's own experience, adjusted for known differences based on the foreign market research of Japanese EMD producers' operations and publicly available data.

Based upon the comparison of the prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, Petitioner based NV for sales in Japan on CV. Petitioner calculated CV using the same COM, SG&A, and interest expense figures used to compute the COP. Consistent with section 773(e)(2) of the Act, Petitioner included in CV an amount for profit.

Petitioner relied upon the profit ratio reported in Tosoh's 2002 annual report. *See* Petition at Exhibit 53 and Supplemental Response at page 30.

We have accepted this methodology for purposes of this initiation. The price to CV comparison produced an estimated dumping margin of 87.96 percent. *See Initiation Checklist*.

South Africa**Export Price**

For a description of export price for South Africa, *see Export Price for All Countries* above. Petitioner adjusted this AUV data for foreign inland freight costs. *See* Petition at Exhibit 38.

Normal Value

With respect to NV, Petitioner provided a home market price obtained through foreign market research for EMD comparable to the product exported to the United States which serve as a basis for EP. Petitioner made no adjustments to this calculated average home market price. Petitioner also provided information demonstrating reasonable grounds to believe or suspect that sales of EMD in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of COM, SG&A expenses, and packing. Petitioner calculated COM based on its own production experience, adjusted for known differences between costs incurred to produce EMD in the United States and South Africa using publicly available data. To calculate interest, Petitioner relied upon information from Delta SA's corporate parent, Delta PLC, for the year 2002. To calculate SG&A, Petitioner relied upon the 2002 financial statement of the most similar company for which data was reasonably available, Highveld. Based upon a comparison of the prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, Petitioner based NV for South Africa on CV. Petitioner calculated CV using the same COM, SG&A and interest expense figures used to compute South African home market

costs. Consistent with section 773(e)(2) of the Act, Petitioner included in CV an amount for profit. For profit, Petitioner relied upon amounts reported in Highveld's 2002 financial statement.

We have accepted this methodology for purposes of this initiation. The price to CV comparison produced an estimated dumping margin of 24.82 percent. *See Initiation Checklist*.

PRC**Export Price**

For a description of export price for the PRC, *see Export Price for All Countries* above. Petitioner also deducted an amount for foreign inland freight in the PRC from the starting U.S. Price. The calculation of foreign inland freight was derived using an inflated value used in the recent preliminary determination on polyvinyl alcohol from the PRC. *See* Petition at Exhibit 41 and Supplemental Response at page 37.

Normal Value

Petitioner asserts that the Department considers the PRC to be a non-market economy country ("NME") and therefore, constructed NV based on the factors of production methodology pursuant to section 773(c) of the Act. In previous cases, the Department has determined that the PRC is an NME country. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Barium Carbonate From the People's Republic of China*, 68 FR 46577 (August 6, 2003) and *Notice of Initiation of Antidumping Investigation: Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof from the People's Republic of China*, 68 FR 44040 (July 25, 2003). In accordance with section 771(18)(C)(i) of the Act, the NME status remains in effect until revoked by the Department. The NME status of the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product appropriately is based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

For NV, Petitioner based the factors of production, as defined by section 773(c)(3) of the Act, on its own consumption rates because information regarding Chinese producers' consumption rates is not reasonably available. *See* Supplemental Response