

Department disregarded the highest margin in that case as adverse best information available (the predecessor to facts available) because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin. Similarly, the Department does not apply a margin that has been discredited. *See D & L Supply Co. v. United States*, 113 F.3d 1220, 1221 (Fed. Cir. 1997) (the Department will not use a margin that has been judicially invalidated). None of these unusual circumstances are present here. Therefore, we consider the PRC-wide rate, which is the rate from the LTFV investigation, relevant for this review.

Furthermore, since this rate is the rate from the final determination, we established the reliability and relevance of the rate in the investigation. *See Final Determination*. As there is no information on the record of this review that demonstrates that this final rate from the final determination is not reliable for use as the adverse facts available rate for the PRC-wide rate, we determine that this rate has probative value and, therefore, is an appropriate basis for the PRC-wide rate to be applied in this review to exports of subject merchandise by Yun Choy.

### Surrogate Country

When the Department is reviewing imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production, valued in a surrogate market-economy country or countries selected in accordance with section 773(c)(4) of the Act. In accordance with that provision, the Department shall utilize, to the extent possible, the prices or costs of factors of production in one or more market-economy countries that are at a level of economic development comparable to the NME country and are significant producers of comparable merchandise.

The Department has determined that India, Pakistan, Indonesia, Sri Lanka, and the Philippines are countries comparable to the PRC in terms of economic development. *See Memorandum from Ron Lorentzen to Laurie Parkhill: Administrative Review of the Antidumping Duty Order on Folding Gift Boxes from the People's Republic of China: Request for a List of Surrogate Countries*, dated June 30, 2003. Normally, the Department will select an appropriate surrogate based on the availability and reliability of data from these countries. In this case, we have found that India is a significant producer of comparable merchandise and we have reliable data from India

which we can use to value the factors of production.

We have used India as the surrogate country and, accordingly, we have calculated NV using Indian prices to value the PRC producers' factors of production, when available and appropriate. *See Surrogate Country Selection Memorandum to The File from Jennifer Moats dated October 3, 2003 (Surrogate Country Memorandum)*. We have obtained and relied upon publicly available information wherever possible. *See Factor Valuation Memorandum to The File from Jennifer Moats, dated October 3, 2003 (Factor Valuation Memorandum)*.

In accordance with 19 CFR 351.301(c)(3)(ii), for the final results of an administrative review, interested parties may submit publicly available information to value the factors of production within 20 days after the date of publication of these preliminary results.

### Export Price

In accordance with section 772(a) of the Act, we used export price (EP) for Red Point because the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation and because constructed export price was not otherwise warranted based on the facts of the record.

We calculated EP based on free-on-board prices to unaffiliated purchasers in the United States. We made deductions, where appropriate, for foreign inland freight from the plant to the port of exportation and for domestic brokerage and handling in accordance with section 772(c)(2)(A) of the Act. All of these services were provided by Hong Kong companies and charged in Hong Kong dollars. Therefore, valuation of these charges based on surrogate values was not necessary.

### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a factors-of-production methodology if (1) the merchandise is exported from an NME country and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

Factors of production include (1) hours of labor required, (2) quantities of raw materials employed, (3) amounts of energy and other utilities consumed, and (4) representative capital costs. We used factors of production reported by Red Point for materials, energy, labor, by-products, and packing. We valued all

input factors not obtained from market economies using publicly available published information as discussed in the "Surrogate Country" and "Factor Valuations" sections of this notice.

In accordance with 19 CFR 351.408(c)(1), where a producer sources an input from a market economy and pays for it in market-economy currency, the Department employs the actual price paid for the input to calculate the factors-based NV. *See also Lasko Metal Products v. United States*, 437 F.3d 1442, 1445–1446 (Fed. Cir. 1994). Red Point reported that some of its inputs were purchased from market economies and paid for in market-economy currency. *See "Factor Valuations"* section below.

### Factor Valuations

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by Red Point for the POR. To calculate NV, we multiplied the reported per-unit factor quantities by publicly available Indian surrogate values (except as noted below). In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. For a detailed description of all surrogate values used for Red Point, *see the Factor Valuation Memorandum*. For a detailed description of all actual values used for market-economy inputs, *see the Red Point Preliminary Calculation Memorandum dated October 3, 2003*.

Because we used Indian import values to value inputs purchased domestically by the Chinese producers, we added to Indian surrogate values a surrogate freight cost calculated using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with *Sigma Corp. v. United States*, 117 F.3d 1401, 1408 (Fed. Cir. 1997).

Except as noted below, we valued raw material inputs using the average unit import values derived from the *World Trade Atlas*, published by the Global Trade Information Services, Inc. *See the Global Trade Information Services Web site at <http://www.gtis.com/wta.htm>*. (The source of the data for the *World Trade Atlas* is the Directorate General of Commercial Intelligence and Statistics (DGCI&S) of the Indian Ministry of Commerce and Industry. The DGCI&S also releases the Monthly Statistics of Foreign Trade of India.)

As explained above, Red Point purchased certain raw material inputs