

verified sales and factors of production information provided by Hangzhou in Xiaoshan City, Xinjie Town, PRC, on September 1 through 4, 2003. We used standard verification procedures, including the examination of relevant sales, accounting and production records, as well as original source documents provided by the respondents. Our verification results are outlined in the public version of the verification report, dated October 22, 2003, and located in the public file in the Central Records Unit, Room B-099 of the Department's main building (CRU).

Export Price

Because Hangzhou sold the subject merchandise to unaffiliated purchasers in the United States prior to importation into the United States and constructed export price methodology is not otherwise indicated, we have used export price in accordance with section 772(a) of the Act.

We calculated export price based on the FOB price to unaffiliated purchasers. From this price, we deducted amounts for foreign inland freight, and brokerage and handling pursuant to section 772(c)(2)(A) of the Act. We valued these deductions using surrogate values. We selected India as the primary surrogate country for the reasons explained in the "Normal Value" section of this notice.

Normal Value

The Department has determined the PRC to be an NME country in all previous antidumping cases. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME shall remain in effect until revoked by the administering authority. None of the parties to this proceeding has contested such treatment in this review. Moreover, parties to this proceeding have not argued that the PRC HSLW industry is a market-oriented industry and, consequently, we have no basis to determine that the information in this review would permit the calculation of normal value (NV) using PRC prices or costs.

Section 773(c)(1) of the Act provides that, in the case of an NME, the Department shall determine NV using a factors-of-production methodology if: (1) The merchandise is exported from an NME, 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. Because information on the record does not permit the calculation of NV using

home-market prices, third-country prices, or constructed value, and no party has argued otherwise, we calculated NV based on factors of production in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c).

Because we are using surrogate country factors-of-production prices to determine NV, section 773(c)(4) of the Act requires that the Department use values from a market economy (surrogate) country that (1) is at a level of economic development comparable to that of the PRC, and (2) is a significant producer of comparable merchandise. We have determined that India, Pakistan, Indonesia, Sri Lanka and the Philippines are market economy countries at a comparable level of economic development to that of the PRC. (See "Memorandum to Susan Kuhnach from Jeffrey May", dated January 27, 2003, "Ninth Administrative Review for Certain Helical Spring Lock Washers from the People's Republic of China," which is available in the CRU.) In addition, we have found that India is a significant producer of comparable merchandise, *i.e.*, fasteners. (See Memorandum to File from Sally Hastings, dated October 31, 2003, and available in the public file in the CRU.) As in the investigation and eight previous reviews, we have chosen India as the primary surrogate country. Thus, we have used Indian prices to value the factors of production.

We selected, where possible, publicly available values from India which were: (1) Average non-export values; (2) representative of a range of prices within the POR or most contemporaneous with the POR; (3) product-specific; and, (4) tax-exclusive. Also, where we have relied upon import values, we have excluded imports from South Korea, Thailand, and Indonesia. The Department has found that these countries maintain broadly available, non-industry specific export subsidies, and that the existence of these subsidies provides sufficient reason to believe or suspect that export prices from these countries are distorted. See *Final Determination of Sales at Less Than Fair Value: Certain Automotive Replacement Glass Windshields From the People's Republic of China*, 67 FR 6482 (February 12, 2002) and accompanying *Issues and Decision Memorandum (Replacement Glass Windshields)*. Our practice of excluding subsidized prices has been upheld in *China National Machinery Import and Export Corporation v. United States and the Timken Company*, Court No. 01-01114, slip op. 03-133 (CIT Oct. 15,

2003) (Confidential version; public version not yet issued).

In its submission of June 20, 2003, the petitioner argues that the Department should exclude any import values into India where the exporting country maintains subsidies, *i.e.*, any subsidizing country in addition to Indonesia, South Korea, and Thailand. The petitioner provides a list of countries that are subject to U.S. countervailing duty orders, and countries that have been found to provide "generally available subsidies" or "N.T.E. export subsidies."

In past proceedings, we disregarded input prices where particular and objective record evidence provided the Department with a reason to believe or suspect that these prices may be distorted by subsidies. See, *e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China; Final Results of 1999-2000 Administrative Review, Partial Rescission of Review, and Determination Not to Revoke Order in Part*, 66 FR 57420 (November 15, 2001), and accompanying Decision Memorandum at Comment 1; *Final Determination of Sales at Less Than Fair Value: Certain Automotive Replacement Glass Windshields from the Peoples Republic of China*, 67 FR 6482 (February 12, 2002) and accompanying Issues and Decision Memorandum at Comment 1. In those and a number of other prior proceedings, parties demonstrated, on the basis of record evidence, that certain countries maintained broadly available, non-industry specific export subsidies, or that certain countries provided industry-specific subsidies which may have benefitted certain input products covered by the proceeding.

The information provided by the petitioner in this proceeding (with the exception of certain steel products) does not identify the particular products or the particular subsidies which allegedly distort the prices of these products. Without such evidence, we cannot preliminarily conclude that these input prices should be disregarded. We acknowledge that there may be other information, outside the record of this proceeding, which may be material to the question of whether other input prices are distorted by subsidies. However, it would be impractical for the Department to attempt to identify and consider such information without the parties first having demonstrated, on the basis of record evidence, that certain countries maintained broadly available, non-industry specific export subsidies, or that certain countries provided industry-specific subsidies which may