

As Shree Ganesh withdrew its request for review within 90 days of our Notice of Initiation, and as no other party requested a review of Shree Ganesh, we hereby rescind the review with respect to Shree Ganesh.

Scope of the Review

The products under review are certain forged stainless steel flanges, both finished and not finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld-neck, used for butt-weld line connection; threaded, used for threaded line connections; slip-on and lap joint, used with stub-ends/butt-weld line connections; socket weld, used to fit pipe into a machined recession; and blind, used to seal off a line. The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above-described merchandise are included in the scope. Specifically excluded from the scope of this order are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351. The flanges subject to this order are currently classifiable under subheadings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule (HTS). Although the HTS subheadings are provided for convenience and customs purposes, the written description of the merchandise under review is dispositive of whether or not the merchandise is covered by the review.

Period of Review (POR)

The POR is February 1, 2002, through January 31, 2003.

Fair Value Comparisons

To determine whether sales of flanges from India were made in the United States at less than fair value, we compared the export price (EP) or constructed export price (CEP) to the normal value (NV), as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(I) of the Tariff Act, we calculated EPs and CEPs and compared these prices to weighted-average normal values or CVs, as appropriate.

Export Price and Constructed Export Price

In accordance with section 772 of the Tariff Act, we calculated either an EP or a CEP, depending on the nature of each sale. Section 772(a) of the Tariff Act defines EP as the price at which the subject merchandise is first sold before

the date of importation by the exporter or producer outside the United States to an unaffiliated purchaser in the United States, or to an unaffiliated purchaser for exportation to the United States. Section 772(b) of the Tariff Act defines CEP as the price at which the subject merchandise is first sold in the United States before or after the date of importation, by or for the account of the producer or exporter of the merchandise, or by a seller affiliated with the producer or exporter, to an unaffiliated purchaser, as adjusted under sections 772(c) and (d) of the Tariff Act.

We calculated EP and CEP, as appropriate, based on prices charged to the first unaffiliated customer in the United States. We used the date of invoice as the date of sale. We based EP on the packed C&F, CIF duty paid, FOB, or ex-dock duty paid prices to the first unaffiliated purchasers in the United States. We added to U.S. price amounts for duty drawback, when reported, pursuant to section 772(c)(1)(B) of the Tariff Act. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act, including: foreign inland freight, foreign brokerage and handling, bank export document handling charges, ocean freight, and marine insurance.

In addition, for Viraj's CEP sales, in accordance with section 772(d)(1) of the Tariff Act, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including direct selling expenses (*i.e.*, credit), and imputed inventory carrying costs. In accordance with section 772(d)(3) of the Tariff Act, we deducted an amount for profit allocated to the expenses deducted under sections 772(d)(1) and (2) of the Tariff Act.

Normal Value

A. Viability

In order to determine whether there is 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 during the POR is equal to or greater than five percent of the aggregate volume of U.S. sales of subject merchandise during the POR), for each respondent we compared the volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise. Since we found no reason to determine that quantity was not the appropriate basis for these comparisons, we did not use value as the measure. *See* 19 CFR 351.404(b)(2).

As in prior reviews, we based our comparisons of the volume of U.S. sales to the volume of home market sales on reported stainless steel flange weight, rather than on number of pieces; since flange sizes, prices and costs vary greatly across models, comparisons of aggregate data based on the number of pieces could be misleading.

We determined that for Viraj, the home market was viable because Viraj's home market sales were greater than 5 percent of its U.S. sales based on aggregate volume by weight. Because Isibars reported no home market or third country sales, we based NV on CV, pursuant to section 351.404(a) of the Department's regulations. For Chandan, pursuant to section 351.404(e), we used the United Kingdom as the comparison market, because it was Chandan's largest export market, Chandan's volume there exceeded five percent of its U.S. volume of subject merchandise in the POR, and there is no evidence on the record indicating the United Kingdom would be inappropriate to serve as the basis for NV.

B. Arm's Length Sales

Since no information on the record indicates any comparison market sales to affiliates, we did not use an arm's-length test for comparison market sales.

C. Cost of Production Analysis

In the most recently completed review, Viraj made sales which failed the cost test. Therefore, pursuant to section 773(b)(2)(A)(ii) of the Tariff Act, in this review we had a reasonable basis to believe or suspect that Viraj made sales in the home market below the cost of production (COP). *See Certain Forged Stainless Steel Flanges From India: Final Results and Partial Rescission of Antidumping Duty Administrative Review* 68 FR 42005 (July 16, 2003); for the cost test results in particular, which were unchanged in the final results, *see Certain Forged Stainless Steel Flanges from India, Preliminary Results of Antidumping Duty Administrative Review*, 68 FR 11361 (March 10, 2003). Therefore, pursuant to section 773(b)(1) of the Tariff Act, in this review we initiated an investigation to determine whether Viraj's sales of flanges were made at prices below COP during the POR.

We based product definitions for both model-matching and costs on grade, flange type, size, pressure rating, and finish. Where necessary, we converted costs from a per-piece basis to a per-kilogram basis. *See* the company-specific analysis memoranda, dated October 31, 2003 and available in the Central Records Unit.