

site at which the input was used. When we relied on Indian import values to value inputs, in accordance with the Department's practice, we excluded imports from both NMEs and countries deemed to have generally available export subsidies (*i.e.*, Indonesia, Korea, and Thailand) from our surrogate value calculations. For those surrogate values not contemporaneous with the POR, we adjusted for inflation using the wholesale price indices for India, as published in the International Monetary Fund's publication, *International Financial Statistics*.

We valued the factors of production as follows:

To value raw honey, we continue to use the average of the highest and lowest price for one kilogram (kg.) of raw honey stated in an article published in *The Tribune of India* on March 1, 2000, entitled, "Apiculture, a major foreign exchange earner" (later republished in *The Agricultural Tribune* on May 1, 2000). Consistent with the methodology established in the previous proceeding, to account for raw honey price increases in India, we have inflated the average raw honey price from the March 2000, *Tribune of India* article (*i.e.*, Rs. 35 per kg.) to December 2001 by dividing the Indian WPI for December 2001 by the Indian WPI for March 2000. See *Wuhan NSR Final Results* and accompanying Issues and Decision Memorandum at Comment 2. We note that pricing data submitted by petitioners in Exhibit 1 of their July 7, 2003, submission for Jallowal and Tiwana Bee Farms clearly indicate that inflating the March 2000, *Tribune of India* price data only by the WPI does not appropriately reflect the significant increase in Indian raw honey prices during the POR. Specifically, in reviewing the average raw honey purchase prices from Jallowal and Tiwana Bee Farms, we find that during the period December 2001, through May 2002, raw honey prices dramatically increased on a monthly basis in excess of the WPI. Therefore, to account for such increases in Indian raw honey prices from December 2001, through May 2002, in excess of inflation, we averaged raw honey purchase prices from the Tiwana and Jallowal Bee Farms submitted by petitioners in Exhibit 1 of their July 7, 2003, submission to calculate a total average raw honey price for each month from December 2001, through May 2002. Next, we calculated monthly price increases on a percentage-basis, and then applied these price increases (percentage) to our adjusted raw honey price from the March 2000, *Tribune of India* article.

Then, we calculated a simple average of these adjusted monthly raw honey prices to derive our raw honey surrogate value for the period for which we had raw honey purchase pricing data (*i.e.*, December 1, 2001, through May 31, 2002). In order to make this value fully-contemporaneous to the POR, we further adjusted the raw honey surrogate value for inflation during the period of June 2002, through November 2002 based on the Indian WPI. Finally, we converted the raw honey value from a per kg.-basis to a per metric ton-(MT) basis. See Attachments 2 and 3 of the Factor Valuation Memo for further details. The Department intends to continue to carefully examine this issue for the final results of this review and invites interested parties to submit comments on this issue for purposes of the final results.

To value beeswax, a raw honey by-product, we used the average per kilogram import value of beeswax into India for the POR under the Indian Customs' heading of "152190" obtained from the World Trade Atlas, which notes that its data was obtained from the Ministry of Commerce of India (World Trade Atlas). To value scrap honey, a raw honey by-product, we used the average per kilogram import value of inedible molasses into India for the POR under the Indian Customs' heading of "170390" obtained from the World Trade Atlas. We converted the surrogate values for beeswax and scrap honey from a per kg.-basis to a per MT-basis.

To value coal, we relied upon contemporaneous Indian import values of "steam coal" under the Indian Customs' heading of "2701011902" obtained from the World Trade Atlas. We also adjusted the surrogate value for coal to include freight costs incurred between the supplier and the factory. To value electricity, we used the 2000 total average price per kilowatt hour, adjusted for inflation, for "Electricity for Industry" as reported in the International Energy Agency's publication, *Energy Prices and Taxes, Second Quarter*, 2002. To value water, we used the water tariff rate, as reported on the Municipal Corporation of Greater Mumbai's website. See <http://www.mcgm.gov.in/Stat%20&%20Fig/Revenue.htm> and Attachment 6 of the Factor Valuation Memo for source documents.

To value packing materials (*i.e.*, paint and steel drums), we relied upon contemporaneous Indian import data reported by the World Trade Atlas under the Indian Customs' heading "3209," and a price quote from an Indian steel drum manufacturer,

respectively. We adjusted the surrogate value for steel drums to reflect inflation. We also adjusted the surrogate values of packing materials to include freight costs incurred between the supplier and the factory.

To value factory overhead, selling, general, and administrative expenses (SG&A), and profit, we relied upon publicly-available information in the 2001-2002 annual report of the Mahabaleshwar Honey Producers Cooperative Society, Ltd. (MHPC), a producer of the subject merchandise in India. We applied these rates to the calculated cost of manufacture and cost of production using the same methodology established in *Wuhan NSR Final Results*.

For labor, we used the PRC regression-based wage rate at Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in September 2002, and corrected in February 2003. Because of the variability of wage rates in countries with similar per capita gross domestic products, section 351.408(c)(3) of the Department's regulations requires the use of a regression-based wage rate. The source of these wage rate data on the Import Administration's web site is the *Year Book of Labour Statistics* 2001, International Labour Office (Geneva: 2001), Chapter 5B: Wages in Manufacturing.

To value truck freight, we used an average truck freight cost based on Indian market truck freight rates on a per MT basis published in the *Iron and Steel Newsletter*, April 2002. To value rail freight, we used an average rail freight cost based on rail freight costs of transporting molasses to various cities within India as stated on the Indian Railways' website (Indian Government Agency).

To value marine insurance expenses, where necessary, we used publicly-available price quotes from a marine insurance provider at <http://www.rigconsultants.com/insurance/html>.

For details on factor of production valuation calculations, see Factor Valuation Memo.

Currency Conversion

We made currency conversions pursuant to section 351.415 of the Department's regulations at the rates certified by the Federal Reserve Bank.

Preliminary Results of Review

We preliminarily determine that the following antidumping duty margins exist: