

the requested information withheld by Isibars, in accordance with section 776(a)(2) of the Act. Further, as discussed below, the Department finds that in not providing the requested information, and not serving petitioners, Isibars failed to cooperate to the best of its ability in this review, and therefore determines that an adverse inference is warranted for all Isibars' sales.

#### A. Failure to Submit a Sales Reconciliation

The reconciliation is required of respondents to determine if all appropriate sales of the subject merchandise have been reported. A reconciliation serves as a "starting point" for the Department at verification. See *Certain Cut-to-Length Carbon Steel Plate from Mexico; Final Results of Antidumping Duty Administrative Review*, 64 FR 77, 78 (January 4, 1999). Among other things, the goal of verification is to confirm the accuracy and completeness of the data provided in a company's questionnaire responses and this data serves as a basis for the Department to ascertain if sales were accurately reported. See 19 C.F.R. 351.307(d).

Isibars' failure to provide or withholding of the requested reconciliation is an incomplete questionnaire response that significantly impeded this proceeding. See *Notice of Final Results and Partial Rescission of Antidumping Duty Administrative Review; Heavy Forged Hand Tools from the People's Republic of China* 65 FR 43290 (July 13, 2000) and *accompanying Issues and Decisions Memorandum* at Comment 1 (The Department used total facts available because the respondent failed to provide the essential reconciliation chart requested by the Department necessary to test the completeness of questionnaire response, and thus failed verification). Indeed, without the requested sales reconciliation information, the Department is unable to verify the information Isibars submitted. It is important to note that the Department has cancelled verification in several other cases because of incomplete questionnaire responses, and specifically because the respondents failed to provide requested reconciliations. See *Gourmet Equipment Corp. v. United States*, 24 C.I.T. 572 (CIT July 6, 2000), regarding *Chrome-Plated Lug Nuts from Taiwan*, 64 FR 17314 (1999) (The Court affirmed the Department's refusal to conduct verification because the respondent's submissions were not reconcilable to its financial statements, meaning the information submitted was unverifiable;

as a result, the Department applied adverse facts available); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-rolled Carbon Steel Flat Products from Taiwan: Final Determination of Antidumping Duty Order*, 66 FR 49618, 49620–21 (Sept. 28, 2001) (The Department canceled both sales and cost verification because respondents failed to provide explanation and documentation for all its expenses and sales, and provided incomplete, deficient, and inconsistent affiliated-party sales information); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon-Quality Steel Plate Products from Indonesia*, 64 FR 73164, 73165–66 (Dec. 29, 1999) ("CTL Plate from Indonesia") (the Department canceled verification and applied adverse facts available because the respondent did not adequately address the sales-related and cost-related questions).

Section 776(a)(2)(A) of the Act authorizes the Department, subject to section 782(d) of the Act, to use facts otherwise available when a respondent withholds information that has been requested by the Department. The Department has requested sales reconciliations from Isibars three times: in the original questionnaire, sent on February 11, 2003; in a supplemental questionnaire, issued on October 21, 2003; and in a letter to Isibars, sent on October 29, 2003. See *Cancellation of Verification Memorandum*, dated November 26, 2003 ("Cancellation of Verification Memorandum") at 2–3. However, Isibars failed to supply a sales reconciliation throughout this review.

Section 782(d) requires that, in the case of a deficient response by the respondent, the Department inform the respondent of the deficiency, and give the respondent an opportunity to remedy or explain the deficiency. In addition to the original questionnaire, and two supplemental questionnaires requesting a sales reconciliation, the Department, in an October 29, 2003, letter, alerted Isibars that failure to supply this information would lead to the cancellation of verification, and may result in the Department basing its determination on facts available. See *Cancellation of Verification Memorandum* at 2.

Because Isibars failed to supply the Department with the requested sales reconciliation that the Department needed to conduct a meaningful verification, and gave no explanation why it has failed to do so, despite numerous opportunities afforded by the Department, the Department cannot consider Isibars to have acted to the best

of its ability in this review. Therefore, the application of adverse facts available in determining the preliminary margin, in accordance with section 776(b) of the Act, is warranted. See *Certain Hot-rolled Carbon Steel Flat Products from Taiwan: Final Determination of Antidumping Duty Order*, 66 FR 49618, 49620–21 (Sept. 28, 2001).

#### B. Major Inputs

Section 773(f)(2) of the Act allows the Department to test whether transactions between affiliated parties involving any element of value (*i.e.*, major or minor inputs) are at prices that "fairly reflect the market under consideration." Section 773(f)(3) of the Act allows the Department to test whether, for transactions between affiliated parties involving a major input, the value of the major input is not less than the affiliated supplier's COP, where there is reasonable cause to believe or suspect the price is below COP. The Department considers the initiation of a sales-below-cost investigation reasonable grounds to believe or suspect that major inputs to the foreign like product may also have been sold at prices below the COP, within the meaning of section 773(f)(3) of the Act. See *Silicomanganese from Brazil; Final Results of Antidumping Administrative Review*, 62 FR 37869, 37871 (July 15, 1997). Therefore, because a sales-below-investigation has been initiated, the Department requires major input data from Isibars.

Section 776(a)(2)(A) of the Act authorizes the Department, subject to section 782(d) of the Act, to use facts otherwise available when a respondent withholds information that has been requested by the Department. Isibars has repeatedly failed to provide information regarding its affiliate's cost of production and market price for major inputs supplied by its affiliates. The Department has requested this information three times in questionnaires and supplemental questionnaires: the original Section D questionnaire, issued June 3, 2003; and two supplemental questionnaires, issued on September 24, 2003, and October 21, 2003. Because Isibars has withheld this information, the Department is authorized, subject to section 782(d) of the Act, to use facts otherwise available.

Section 776(a)(2)(D) of the Act authorizes the Department, subject to section 782(d) of the Act, to use facts otherwise available when a respondent provides information, but the information cannot be verified. Because Isibars provided only the transfer price of major inputs, and not the market price and the affiliate's cost of