

clarifies that the petition is secondary information, and states that corroborate means to determine that the information used has probative value. *See SAA at 870; See also 19 CFR 351.308(d)*. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. We have previously examined the reliability of the 48.80 rate and found it to be reliable, and placed it on the record of this review. *See Corroboration Memorandum for Panchmahal Steel Limited for the final results of the 2000–2001 Administrative Review of Stainless Steel Wire Rods from India, dated May 8*. We have no information in this administrative review which would indicate a change in the reliability of this rate.

With respect to the relevance aspect of the corroboration, the Department has considered information reasonably at its disposal to determine whether a margin continues to have relevance. Where circumstance indicate that the selected margin is not appropriate as AFA, the Department will disregard the margin and determine an appropriate margin. For example, in *Fresh Cut Flowers from Mexico; Final Results of Antidumping Administrative Review*, 61 FR 6812 (February 22, 1996), the Department disregarded the highest margin in that case as best information available (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 circumstances are present here. Moreover, the rate selected is the rate currently applicable to an exporter, and there is no information on the record of this review that demonstrates that this rate is not relevant for use as AFA during this administrative review.

Accordingly, we determine that the highest rate from any previous segment of this administrative proceeding (*i.e.*, the rate of 48.80 percent from the petition) is in accord with section 776(c)'s requirement that secondary information be corroborated (*i.e.*, that it have probative value).

Affiliation/Collapsing

In the previous administrative review, the Department collapsed Viraj Forgings Limited ("VFL"), Viraj Alloys Limited ("VAL") and Viraj Impoexpo Limited ("VIL") because the companies were

found capable, through their sales and production operations, of manipulating prices or affecting production decisions. *See Final Results*. In the current review, Viraj reported that there were operational and legal changes to Viraj affiliated companies during this POR. *See Antidumping Duty Administrative Review of Stainless Steel Wire Rods from India: Collapsing of Viraj Alloys, Ltd. and VSL Wires, Ltd.*, dated December 12, 2003 ("*Viraj Collapsing Memorandum*"). In the current review, VAL and VSL Wires, Limited ("VSL") reported they produced subject merchandise during the POR. As discussed below, the Department has preliminarily determined that VAL and VSL are affiliated companies, and that VAL and VSL should be collapsed and considered one entity pursuant to section 771(33) of the Act and 19 CFR 351.401(f). *See Viraj Collapsing Memorandum*.

Section 771 (33) of the Act, states that the Department considers the following parties as affiliated:

- (A) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants;
- (B) Any officer or director of an organization and such organization;
- (C) Partners;
- (D) Employer and employee;
- (E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization;
- (F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and
- (G) Any person who controls any other person and such other person.

For the purpose of this statute, a person is deemed to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person. *See section 771(33) of the Act*. Furthermore, 19 CFR 351.401(f) states that the Department will treat two or more affiliated producers as a single entity where: (1) Those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities; and (2) where there is a significant potential for the manipulation of price or production. In identifying whether a significant potential for the manipulation of price or production exists, 19 CFR 351.401(f)(2) states that the Department may consider: (i) The level of common ownership; (ii) the extent which

managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (3) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.

The Department has analyzed the information regarding affiliation on the record in this administrative review, and preliminarily determines that VAL and VSL should be considered affiliated under sections 771(33)(A) and (F) by virtue of common control by several family members involved in ownership and management of VAL and VSL. *See Viraj Collapsing Memorandum at 3*. First, the record evidence shows that a husband and wife serve as the chairperson of VAL and VSL, respectively, while two brothers serve as directors of VAL and VSL, respectively. *See Viraj Collapsing Memorandum at 3*.

Moreover, the aforementioned chairperson and directors of VAL and VSL control significant shares of stocks in both companies, and the chairperson of VAL is also the managing director of VAL. *See Viraj Collapsing Memorandum at 3*. Thus, due to their significant shareholdings and positions within the companies, the chairpersons and directors are in a position to exercise legal and operational control over both VAL and VSL. *See Viraj Collapsing Memorandum at 3*. Therefore, the Department preliminarily determines that VAL and VSL are affiliated in accordance with sections 771(33)(A) and (F) of the Act by virtue of the fact that immediate members of the family are also the chairperson and directors of VAL and VSL and directly and indirectly control both of these entities.

Further, the Department preliminarily determines that VAL and VSL should be collapsed in accordance with 19 CFR 351.401(f), because both VAL and VSL have production facilities to produce similar or identical merchandise without substantial retooling and there is a significant potential for the manipulation of price or production.

During the POR, for sales to the home market, VAL produced and retained title to stainless steel billets which are rolled by an unaffiliated subcontractor into stainless steel wire rod, via tolling arrangement. The subcontractor returns the non-annealed and non-pickled finished wire rod ("unfinished wire rod") to VAL, who transfers it to VSL, who sells the subject merchandise in the home market. For sales to the U.S. market, VAL produced and retained title