

to stainless steel billets which are rolled by the same unaffiliated sub-contractor via a tolling arrangement, into unfinished stainless steel wire rod. The subcontractor returns the unfinished wire rod to VAL, who transfers the title to VSL. VSL then pickles and anneals the unfinished wire rod, packages for export and ships the subject merchandise to the United States. See *Viraj Collapsing Memorandum* at 5. All sales of stainless steel wire rods in the Indian market and U.S. market are made by VSL. See *Viraj Collapsing Memorandum* at 5; Verification Report at 6.

According to 19 CFR 351.401(h), the Department does not consider a subcontractor or toller as the producer of subject merchandise where that subcontractor or toller does not acquire ownership or sell the relevant merchandise. Thus, via its tolling arrangement with the unaffiliated subcontractor, VAL is considered a producer of SSWR, because the unaffiliated subcontractor does not acquire ownership of VAL's stainless steel billets/SSWR, nor does it control the sale of the SSWR, once it has been rolled. See 19 C.F.R. 351.401(h); *Polyvinyl Alcohol from Taiwan: Final Results of Antidumping Administrative Review*, 63 FR 32810, 32816 (June 16, 1998).

Further, the Department also considers VSL a producer of SSWR. By virtue of the fact that VSL obtains title to VAL's unfinished SSWR and then finishes the production (i.e., anneals and pickles) of VAL's unfinished SSWR, VSL is a producer of SSWR. Thus, in accordance with 19 CFR 351.401(f)(1), VAL and VSL have production facilities for production of similar or identical products (i.e., unfinished SSWR and annealed and pickled SSWR), and substantial retooling of either facility to restructure manufacturing priorities would not be required. See *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from Korea*, 63 FR 40404, 40410 (July 29, 1998) (The Department collapsed POSCO/Changwon, producers of subject merchandise with Dongbang, another producer of subject merchandise, despite the fact that the Dongbang only had the ability to anneal and pickle the subject merchandise).

Additionally, the Department also finds that in accordance with 19 CFR 351.401(f)(1), VAL has the capability to add finishing equipment (i.e., annealing and pickling equipment) to its production facilities without requiring substantial retooling. Specifically, the Department examined VAL and VSL's 2001-2002 financial statements and

determined that VSL's plant and machinery gross fixed assets account for only a small percentage of VAL's plant and machinery gross fixed assets. See *Viraj Collapsing Memorandum* at 6; *May 19, 2003 SQR* at SQR-A-062 and SQR-A-025. Further, the Department also examined the total gross fixed assets of VAL and VSL and found that VSL's total gross fixed assets account for only a small percentage of VAL's total gross fixed assets. See *Viraj Collapsing Memorandum* at 6; *May 19, 2003 SQR* at SQR-A-062 and SQR-A-025. Thus, VAL could add VSL's annealing and pickling operations to its production process for SSWR for a small portion of its total plant and machinery value or its overall corporate value, either through an outright purchase of VSL or by purchasing annealing and pickling equipment of its own. Therefore, the Department believes that VAL and VSL would not need to engage in major retooling to shift production of SSWR from one company to the other.

Finally, the Department preliminarily determines that VAL and VSL have enough common ownership and have intertwined their operations significantly enough to justify the conclusion that a significant potential for manipulation of price and production exists. Thus, the Department preliminarily determines that VAL and VSL should be collapsed. Specifically, (1) VAL and VSL share common shareholders, including the chairpersons and directors of VAL and VSL; (2) VAL acts as the sole supplier to VSL of unfinished wire rods; and (3) VSL makes all sales of SSWR in the home market and U.S. market. See *Viraj Collapsing Memorandum* at 7. Thus, both VAL and VSL are capable, through their sales and production operations, of manipulating prices or affecting production decisions. Therefore, in accordance with 19 CFR 351.401(f), the Department preliminarily determines to collapse VAL and VSL as Viraj for the purposes of this review.

#### Normal Value Comparisons

To determine whether sales of subject merchandise from India to the United States by Mukand and Viraj were made at less than NV, we compared the export price ("EP") and CEP, as appropriate, to the NV, as described in the "Export Price/Constructed Export Price" and "NV" sections of this notice, below. In accordance with section 777A(d)(2) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual EP and CEP transactions.

#### Product Comparisons

In accordance with section 771(16) of the Act, we considered all products covered by the *Scope of the Review* section above, which were produced and sold by Mukand and Viraj in the home market during the POR, to be foreign like products for purposes of determining appropriate comparisons to U.S. sales. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics and reporting instructions listed in the Department's questionnaire.

#### Mukand

Mukand submitted information on the record which claimed that all of its reported grades should be treated as distinct grades for calculation purposes. See Mukand's Sections B and C response dated April 7, 2003, at 7 & 41. For the purpose of accurately comparing subject merchandise, the Department requested that Mukand provide a chemical breakdown of each of its grades. After analyzing the data presented by Mukand, the Department has determined that there is insufficient record evidence to support Mukand's position that grade 304LN is a distinct grade from 304L. Therefore, the Department has preliminarily determined to combine the above grades; specifically, the Department has determined that grade 304LN should be treated as grade 304L.

The grade chemistries provided on the record by Mukand indicate that the chemistry ranges reported by Mukand for grades 304L and 304LN are of a similar chemistry and composition; thus, Mukand's grades 304LN and 304L have been treated by the Department as one grade for purposes of the home market and U.S. sales programs.

It is the Department's practice not to create additional categories unless the physical characteristics are significantly different from an existing known category. See *Certain Cold-Rolled Carbon Steel Flat Products From Korea: Final Results of Antidumping Duty Administrative Review*, 63 FR 781 (January 7, 1998). Therefore, for the purposes of these preliminary results, the Department has determined to treat Mukand's grade 304LN as grade 304L.

#### Export Price and Constructed Export Price

In accordance with section 772(a) of the Act, EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of