

Republic of China, 56 FR 20588 (May 6, 1991) (“*Sparklers*”), as amplified by the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (“*Silicon Carbide*”). Evidence supporting, though not requiring, a finding of *de jure* absence of government control over export activities includes: 1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; 2) any legislative enactments decentralizing control of companies; and 3) any other formal measures by the government decentralizing control of companies. See *Sparklers*, 56 FR 20589. *De facto* absence of government control over exports is based on four factors: 1) whether each exporter sets its own export prices independently of the government and without the approval of a government authority; 2) whether each exporter retains the proceeds from its sales and makes independent decisions regarding the disposition of profits or financing of losses; 3) whether each exporter has the authority to negotiate and sign contracts and other agreements; and 4) whether each exporter has autonomy from the government regarding the selection of management. See *Silicon Carbide*, 59 FR 22587; *Sparklers*, 56 FR 20589.

In *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of New Shipper Reviews*, 67 FR 10665 (March 8, 2002), we determined that CPZ and Yantai Timken should receive separate rates. We preliminarily determine that the evidence on the record of this review also demonstrates an absence of government control, both in law and in fact, with respect to these companies' exports according to the criteria identified in *Sparklers* and *Silicon Carbide*. The evidence includes, among other things, the companies' business licenses and copies of relevant PRC laws on trade and incorporation. Therefore, we have continued to assign each of these companies a separate rate.

Constructed Export Price

For all sales made by CPZ and Yantai Timken to the United States, we used constructed export price (“CEP”) in accordance with section 772(b) of the Act. Section 772(b) of the 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 Act.

We calculated CEP based on the packed, ex-warehouse prices from CPZ's and Yantai Timken's U.S. subsidiaries to unaffiliated customers. We made deductions, where appropriate, from the starting price for CEP for international freight, foreign brokerage and handling, foreign inland freight, marine insurance, customs duties, U.S. warehousing, and U.S. inland freight. When foreign brokerage and handling, marine insurance, and ocean freight were provided directly by market-economy companies and paid for in a market-economy currency, we deducted the market-economy values reported by the responding companies for these services.

In accordance with section 772(d)(1) of the Act, we made further deductions from the CEP starting price for the following selling expenses that related to economic activity in the United States: commissions, credit expenses, discounts, further manufacturing, rebates, repacking costs, and indirect selling expenses (including inventory carrying costs). For CPZ, we made an upward adjustment to its reported indirect selling expenses. For more information, see *Preliminary Results Calculation Memorandum for CPZ* (February 7, 2003), which is on file in the Department's Central Records Unit, which is located in Room B-099 of the main Department building (“CRU”). Additionally, in accordance with section 772(d)(3) of the Act, we have deducted from the starting price an amount for profit. For information on how profit was calculated, see “Overhead, SG&A Expenses, and Profit” in the “Normal Value” section below.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine normal value (“NV”) using a factors-of-production (“FOP”) methodology if: (1) the subject merchandise is exported from an NME country, and (2) the Department finds that the available information does not permit the calculation of NV under section 773(a) of the Act. We have no basis to determine that the available information would permit the calculation of NV using PRC prices or costs. Therefore, we calculated NV based on factors data in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c).

Under the FOP methodology, we are required to value, to the extent possible, the NME producer's inputs in a market-economy country that is at a comparable level of economic development and that is a significant producer of comparable

merchandise. We chose India as the surrogate country on the basis of the criteria set out in 19 CFR 351.408(b). See the October 21, 2002, Memorandum to File: “Requests for Surrogate Values,” which includes the August 6, 2002, Memorandum to Melani Miller from Jeff May: “Administrative Review on Tapered Roller Bearings from the People's Republic of China,” and the February 7, 2003, Memorandum to John Brinkmann: “Selection of a Surrogate Country and Steel Value Sources” (“*Steel Values Memorandum*”) for a further discussion of our surrogate selection. (Both memoranda are on file in the CRU.)

We used publicly available information from India to value the various factors. Pursuant to the Department's FOP methodology, we valued each respondent's reported factors of production by multiplying them by the values described below. For a complete description of the factor values used, see the Memorandum to John Brinkmann: “Factors of Production Values Used for the Preliminary Results,” dated February 7, 2003, which is on file in the Department's CRU.

1. Steel and Scrap. For hot-rolled alloy steel bars used in the production of cups, we used an adjusted weighted-average of Japanese export values to India from the Japanese Harmonized Schedule (“HS”) category 7228.30.900 obtained from Official Japan Ministry of Finance statistics. We adjusted this data to include costs incurred on ocean freight and marine insurance. This is the same valuation methodology used in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2000–2001 Administrative Review, Partial Rescission of Review, and Determination to Revoke Order, in Part* 67 FR 68990 (November 14, 2002) and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Amended Final Results of 2000–2001 Administrative Review* 67 FR 72147 (December 4, 2002) (collectively, “*TRBs XIV*”) and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of 1999–2000 Administrative Review, Partial Rescission of Review, and Determination Not to Revoke Order in Part*, 66 FR 57420 (November 15, 2001) (“*TRBs XIII*”). For further discussion of our calculation of this value, see *Steel Values Memorandum*.

We valued scrap recovered from the production of cups, cones, and rollers using Indian import statistics from Indian HS category 7204.2909. As in