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OBJECTIVE:

To assist the Ministry of Industry and Trade/National Production Protection Department to develop an organizational structure and technical capacity necessary for administration of trade remedy laws (antidumping, countervailing, and safeguards) in a fair, efficient, and WTO-consistent manner.

BACKGROUND:

From January 8-23, 2001, along with 2 members of the Egyptian Department of Anti-Dumping, Subsidies, and Safeguards (a General Manager in the Antidumping Section and a General Manager in the Safeguards Section), I delivered a 15-day workshop to staff of the National Production Protection (NPP) Department. Although we had insufficient time to develop an SOP manual for safeguards cases, I did give them access, via the Internet, to an SOP manual for administration of antidumping cases, which gives step-by-step detailed instructions on case administration, from petition to final determination. I also provided them checklists and guidelines (for example, checklists for review of petitions, preparation of questionnaires and analyses of responses), as well as standard forms for antidumping and subsidy (countervailing) case processing (petitions). We also gave them a summary of various procedures for handling trade remedy cases, with particular emphasis on injury procedures, since these are almost identical for both antidumping and safeguards cases. We also covered the need for everything to be "on the record" and in English, as required by the WTO, of which Jordan has been a member since April 2000, the need for public versions of confidential information, and the challenge of creating and maintaining separate confidential and public records of each case.

We also spent considerable time assisting them in reviewing their first Safeguards petition, for which they had recently initiated an investigation, reviewing and identifying four major inadequacies in that case (chocolate & biscuits), and attending several meetings with interested parties.

To become more effective and efficient in processing trade remedy cases, I recommend the following:

1) Human resources. Since no analyst should be assigned more than one, or, at most, two cases at any given time, and given the current & anticipated caseload (approximately 40-50 potential petitions, although many of these are patently inadequate), I recommend the hiring of an additional 3-5 staff. In addition, I recommend the retention of at least one lawyer, one cost accountant, one trade remedies expert (or at least a consultant), one IT specialist, two translators (Arabic/English), and 2 administrative assistants.

2) Training. This is needed in various areas, but particularly in Antidumping and Safeguards, both theory and especially in investigation procedures and practical applications (e.g., how to perform the complex calculations). This will likely require the hiring of foreign Trade Remedies experts for a minimum of several months or longer, since there is no experience *in situ.*

3) Automation. Every analyst needs his/her own PC (Pentium). Access to the Internet is required. Printers can be shared, if necessary. One or two copiers are required. Access to various outside databases is also essential (e.g., Customs import statistics). Given the current and anticipated workload for the next few years, computer programming language familiarity is not required, particularly if an IT specialist is hired.

ANALYSIS OF PETITIONS AND

INITIATIONS OF INVESTIGATIONS

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LIST OF ACRONYMS & ABBREVIATIONS

AD	ANTI-DUMPING
CEP	CONSTRUCTED EXPORT PRICE
COP	COST OF PRODUCTION
CV	CONSTRUCTED VALUE
DOC	U.S. DEPARTMENT OF COMMERCE
EP	EXPORT PRICE
FR	FEDERAL REGISTER
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
HTS	HARMONIZED TARIFF SCHEDULE
MNC	MULTINATIONAL CORPORATION
NV	NORMAL VALUE
ANTI-DUMPING AGREEMENT	AGREEMENT ON INTERPRETATION OF ARTICLE VI OF THE GATT

References:
Law No. 161 for 1998 Concerning the Protection of National Economy From the Effects of Injurious Practices in International Trade

Regulation of Law No. 161/1998
- Article 1 – definitions
- Article 6 – notifications
- Article 8 – non-confidential summaries
- Article 11 – investigation deadline
- Part II, Section I, Articles 13-18 – the Application
- Part II, Section II, Articles 19-31 – investigation procedures

Anti-dumping Agreement
- Article 2.2.1 – sales at less than cost
- Article 4 – definition of domestic industry
- Article 5 – initiation
- Article 12 – public notice of initiation

INTRODUCTION

This paper explains the initiation process for anti-dumping investigations. It includes detailed information on the following items: treatment of draft petitions; analysis of official filings; allegations for special situations such as less-than-cost sales and multinational corporations; the preparation of initiation packages. For information on the initiation of AD administrative reviews (many, but not all, of those procedures are identical or similar to investigation procedures), see the *Manual of Administrative Review Procedures*.

I. DRAFT PETITIONS

All contacts on the filing of draft petitions or requests for technical assistance in preparing an anti-dumping petition should be referred to your supervisor.

When draft petitions are received, we usually require a minimum of five business days to review the draft and to give substantive comments to the potential petitioner or its counsel. Draft petitions should not be discussed with anyone outside the Department, other than the petitioner. Any inquiries concerning possible filings of petitions should be responded to with a statement that no petition has been filed on the product. Only when a petition has been filed officially can we indicate that the Department is considering a petition on the product. At the time of filing the draft, it is appropriate to ask the petitioner what schedule, if any, it has for filing the official version of the petition. If you receive this information, you should immediately give it to your supervisor.

The petitioner should furnish two copies of the draft including all support documentation. Potential petitioners should be encouraged to file drafts of the non-proprietary version along with the proprietary version. When distributing a draft petition, indicate that it is a draft, who is reviewing it in your office, and that the team will meet to discuss its adequacy three business days later. After meeting with the team, a summary of the petition and the problems found should be prepared and a meeting should be scheduled with the Undersecretary. All team members should be present at that meeting.

Draft petitions should be reviewed as thoroughly as an officially filed petition. One of the most important parts of any draft petition is the price or cost information used to establish alleged less-than-fair value sales. Current price information (usually no more than one-year old) is always necessary to support the Egyptian sales side of the less-than-fair value allegation. A petitioner can obtain price information from sources such as price lists, actual invoices, written quotations, affidavits attesting to oral quotations or knowledge of actual prices, salespersons' "call reports," market research information supplied by a market research firm, or, in some instances, from average per-unit prices from the HTS statistics for products that are classified under very specific product categories. For the exporting-country side of the sales-at-less-than-fair value allegation, the petitioner may supply price information. If prices are used, support documentation could be the same as for Egyptian sales prices. If prices are not available, a cost-based surrogate for prices, that uses the petitioner's own factors of production, but incorporates values from the exporting country for such things as materials, labor rates, and energy costs, can be used. Cost information may also come

from a market research report on the product in the exporting country, prepared by a market research firm. Whether prices or costs are used in an allegation, various adjustments are usually necessary to net prices back to the producers' or exporters' doors or to adjust prices or costs for differences in circumstances of sale (see *Export Price and Constructed Export Price* and *Normal Value* for detailed information on the calculation of Egyptian and exporting-country prices or costs that form the bases for a sales-at-less-than-fair-value comparison).

As you analyze the prices or costs used to support an allegation of sales at less than fair value, you should pay particular attention to the support documentation for the alleged prices or costs and any adjustments claimed, as the petition must be reasonably supported by the facts alleged. This means that the mere furnishing of documentation is not necessarily sufficient and that the Department should be able to seek additional data where support for a specific allegation is weak or the information appears aberrational. Support documentation should include the identification of sources and an explanation of how the information was obtained. For example, an affidavit from a company official describing call reports from sales representatives reporting lost sales in Egypt may be used to support Egyptian price data. Price lists used should include effective dates or be supported with a statement indicating the time period covered by the price lists. Price data should be as current as possible, usually within a year of the anticipated filing date. Prices used as the bases for normal value (NV) and export price (EP) and constructed export price (CEP) should reflect contemporaneous periods of time. Currency-conversion rates used should be included and the source of these rates should be given. See the AD initiation checklist in section VII for a complete listing of all areas that need to be analyzed.

Statistical data on imports should be checked. You should develop up-to-date import statistics from the country named in the petition. The products covered should be described clearly and HTS numbers should be included. You should check these numbers to ensure that they are correct.

Industry support is another very important part of a draft petition. Accordingly, the draft should identify the industry on behalf of which the petitioner is filing. It should also contain the names and addresses of other persons in the industry, as well as information relating to the degree of industry support for the petition, including: (i) the total volume and value of Egyptian production of the domestic like product, regardless of sales destination; (ii) the volume and value of the domestic like product produced by the petitioner and each domestic producer identified, regardless of sales destination. This information should cover the last completed calendar year and, if available, the 12 months prior to the month of the filing of the draft (see section III).

It is important that the scope be defined as accurately as possible to minimize future questions about product coverage. We also want to avoid unintentional product coverage. We wish to ensure that the scope of the investigation (and any measure that may result) does not include products in which the petitioner has no interest. You should give attention especially to whether the prospective petitioner has unintentionally included products that are not produced domestically.

The last very important part of a draft petition involves the product description or scope. You should carefully review the product description to ensure that it covers

what the petitioner wants to cover and that it will be as easily understood as possible throughout the various segments of the proceeding (see section IV).

The analyst should discuss the draft petition with the Injury Section analyst to determine whether they have any problems with it. The primary focus of this discussion should be on the scope language and the industry-support aspects of the filing (see Sections III and IV).

After the team meeting with the Undersecretary, you should inform the petitioner of all problems found as a result of our review. You should state that the listing of problem areas is advisory and that additional problems, if found after the petition is officially filed, will have to be corrected during the 20 days after the initiation is published. Remember that information supplied in a petition must be reasonably available to the petitioner. There is no exact interpretation of this term; however, the size of the petitioning firm and the type of information in question should be considered when these types of judgments are made.

II. OFFICIAL FILINGS

When a petition is filed officially, a determination whether or not to initiate an investigation should be made within 30 days after the date of filing. Note that the day after the petition is filed begins the 30-day period. During that 30-day period we will not accept oral or written communication from interested parties regarding a petition, except inquiries concerning the status of the proceeding and the issue of industry support. Notices of appearance (letters from law firms notifying us about whom they are representing in the investigation) are also acceptable. In situations involving polling of the domestic industry (see Section IV), a maximum of 40 days may be taken to make the initiation determination. The analyst is responsible for ensuring that the petition is distributed to appropriate Department personnel, and that a public version of the petition is delivered immediately to the embassy of the country in question.

In reviewing the petition the analyst should cover all areas indicated in the discussion of the review of draft petitions in Section I, even if a draft petition has been checked previously. If a draft was filed previously, you should have a copy of the list of problem areas that were pointed out to the petitioner. This will assist you in your analysis of the officially filed document. Remember that the information required for an AD petition must be reasonably available to the petitioner, and the information furnished in support of the petition must be reasonably supported by the facts alleged. Be careful to ensure that all factual information is certified by an appropriate company official. The analyst should also check whether there is a proper summary of any business proprietary information relating to the allegation of SLFV sales.

Consultants are sometimes used to perform market research in support of EP, CEP, or NV. In order to authenticate the validity of market research, the research document should be submitted for the record as part of the official petition. The petitioner should be contacted in order to receive clearance to communicate with the market research preparers by telephone. The petitioner must provide the name, telephone number, and address of the research preparers; however, this information may be omitted from the proprietary and non-proprietary versions of the petition, if we

receive appropriate justification. The petitioner should contact the research preparers and request that they cooperate with the Department, when contacted.

The following information should be obtained from the research preparers and placed in the file in memo form:

- General information about the research company, *e.g.*, how long it has been involved in this kind of work, whether work has been done for the petitioner or petitioner's counsel before, etc.

- Did they prepare the research submitted with the petition or contained in the petition in support of EP, CEP, or NV? If not, who did? What is their relationship with the preparer? Have they used this preparer in the past?

- What methodologies or procedures did the company employ to gather the data? How was the information verified?

When a valid request to exclude the name and address of the preparer is received, the following paragraph may be used to introduce the memorandum:

"Because of the extreme sensitivity of the name of the market research firm that gathered the petition information in this case, this memorandum constitutes confirmation of the source of the market research report."

The analyst should coordinate with the Injury Section analyst on the product description. We should make every effort to reach agreement on this. However, the analyst should keep in mind the fact that the Department determines the scope of an investigation. It is important to document your contacts with the Injury Section on the record, as we need to have a clear description of the domestic like product for determining industry support. You should immediately bring to your supervisor's attention any areas of internal dispute over the scope or product description.

Every effort is made to have the same analyst review the draft and subsequently filed petition. However, when a different reviewer is involved, the new analyst should always coordinate with the analyst who handled the draft in order to determine whether problem areas have been corrected. If the analyst finds additional problems with the petition, these should not be discussed with the petitioner until they have been reviewed internally and a meeting has been held with the Undersecretary. This meeting should take place no later than seven days after the petition is filed.

After meeting with the Undersecretary to discuss petition problems, you should notify the petitioner of areas in the petition that need further support or information. Once the requested revisions are received, analyze them immediately to determine if they are complete. If the revised petition still requires further support or information, see your supervisor immediately.

You should prepare a request for statistical data about potential respondents. After it is approved you should ensure it is sent to the Egyptian embassy in the country(ies) identified in the petition.

III. INDUSTRY SUPPORT

A. General Information

Petitions must be filed by an interested party who has the support of the industry producing or selling, at other than retail, the domestic like product in Egypt. The Department has to determine industry support on the basis of producers of the domestic like product. Since this is the domestic product most like the imported one, it may be exactly the same. Either management or workers may express support for a petition. If the management of a firm expresses a position in direct opposition to the views of the workers in that firm, we will treat the production of that firm as representing neither support for nor opposition to the petition. Unions, other employee organizations, or ad hoc groups of workers may submit the views of workers.

The petitioner must provide the volume and value of its own production of the domestic like product, as well as the production of that product by each member of the industry, to the extent that such information is reasonably available to the petitioner. In addition, the petitioner must provide information on the total volume and value of Egyptian production of the domestic like product, to the extent that such information is reasonably available to the petitioner.

You must always review the information supporting the industry support submitted by the petitioner(s). We normally will determine the existence of industry support based on the volume or value of production. In most instances we will base this determination on volume. However, in some cases we may base our determination on value, possibly, for example, due to the difficulty in determining what constitutes a unit of merchandise. Where information is unclear, you should request clarification by the petitioner. Sometimes, if it is necessary to corroborate the data, we may look for independent information. We may ask the Injury Section for the production information for the industry. Sometimes we may call non-petitioning, domestic producers to determine their production. If this type of call is necessary, consult first with your supervisor.

Normally we will review production figures over a 12-month period. However, we recognize that there may be circumstances where a 12-month period may not be appropriate. In those instances we would identify the appropriate review period on a case-by-case basis. If actual production data for the relevant period are not available, production levels may be established on the basis of alternative data that we determine are indicative of production levels. For example, for some industries or firms, shipment data may correspond directly with production data, and thus be a reliable alternative.

The Department must determine, prior to the initiation of an investigation, that a minimum percentage of the domestic industry for the like product supports an AD petition. In making this determination the Department defines “domestic like product.” Furthermore, that determination is subject to limitations of time and information. We will not consider any arguments relating to industry support once an investigation has been initiated. A petition meets the minimum requirements if the domestic producers or workers who support the petition account for 1) at least 25

percent of the total production of the domestic like product, and 2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Also note that in situations where the views of management and workers negate each other, the production of the company is included as part of the total production of the domestic like product for purposes of applying the 25-percent threshold.

Note that the methodologies used to determine industry support (*e.g.*, production publications) may vary from industry to industry.

During the pre-initiation review period for a petition, interested parties other than the petitioners may only comment on the question of industry support (see B below). If we receive substantive information on any subject other than industry support, we would normally consider it to be inappropriately filed and we would return it to the submitting party.

B. Challenges to Industry Support

When a member of the domestic industry challenges the assertion of the petitioner that it has filed with support of the domestic industry, the burden is on the petitioner to establish that it meets the above requirements. If a petition does not have industry support, we would terminate the investigation.

We may ignore the opposition of related domestic producers unless such domestic producers demonstrate that their interests as domestic producers would be adversely affected. This puts the burden of demonstrating such an effect on those producers. We consider related domestic producers to be either 1) a domestic producer related to a foreign exporter, or 2) a domestic producer related to a foreign producer. In addition, we may also disregard the views of domestic producers who are also importers of the subject merchandise and domestic producers who are related to such importers. In evaluating whether to disregard such producers, the Department may consider the import levels and percentage of ownership common to other members of the domestic industry.

The expression of a position regarding a petition may be treated as business proprietary information.

Interested parties may challenge the adequacy of the Department's industry-support determination if the Department dismisses the petition or initiates an investigation and subsequently issues an AD measure.

C. Polling

If the requisite support is not established in the petition, we may poll or otherwise determine whether the industry supports the petition. In appropriate circumstances, we may sample, from information contained in the petition or placed on the record by domestic interested parties, to determine whether the required support exists. Although we will normally initiate an investigation within 20 days of the filing of a petition, we may extend this for up to 20 additional days in exceptional circumstances where we cannot establish whether there is the requisite industry support within 20

days. We will only extend if we need to poll the industry. In conducting such a poll, we will include in the poll unions, worker groups, and trade and business associations. The Department will not go beyond 20 days in considering the industry-support element of a petition in the vast majority of cases.

D. Regional Industry

To determine industry support if the petition is filed on behalf of a regional industry, we will apply the same 50- and 25-percent domestic-industry-support requirements on the basis of production in the alleged region. Thus, a petitioner need only show that domestic producers or workers in the relevant region, as distinguished from all of Egypt, support the petition.

IV. SCOPE OF THE INVESTIGATION AND LIKE-PRODUCT DETERMINATIONS

A. Scope of the Investigation Determinations

The Department determines the scope of an investigation, which may also be referred to as the "class or kind" of merchandise under investigation or the merchandise subject to investigation. A single investigation involves a class or kind of merchandise. Where we determine that a petition covers more than one class or kind of merchandise, we conduct separate investigations for each. In such instances there must be evidence of sales at less than fair value and industry support for each class or kind of merchandise in order to support initiation of multiple investigations. Normally we will publish a combined initiation notice covering the separate classes or kinds of merchandise. In some cases we will use a generic case name, such as certain carbon steel products, and describe each product separately in the scope section of the notice. Note that splitting a class or kind of merchandise into two or more classes or kinds usually results in having to query different sets of respondents.

We normally limit the class or kind of merchandise in an investigation to the products that the petitioner specifically names in the petition. In many instances the class or kind includes finished products as well as components or subassemblies.

In cases in which the Department may be asked to find more than one class or kind of merchandise subject to investigation, we would rely on five characteristics:

1. The general characteristics of the merchandise
2. The expectations of the ultimate purchaser
3. The channels of trade in which the products are sold
4. The ultimate use of the merchandise
5. The manner in which the products are advertised and displayed

There will usually be significant overlap between characteristics 2 through 5. When examining the physical characteristics of groups of products, the Department does not rely on mere physical differences among products. There must be clear dividing lines between product groups for the Department to find different classes or kinds.

In order to ensure that the scope of an investigation is defined as accurately as possible, the Department should undertake two procedures. First, we include in our pre-filing checklist of petition information a check that the proposed scope of the petition is an accurate reflection of the product for which the domestic industry is seeking relief. Pre-filing consultations with the prospective petitioner should seek to ensure that the scope of the petition is not unintentionally over inclusive. Second, we should designate a period early in the investigation for parties to raise issues regarding product coverage. Petitioners then have an opportunity to reconsider product coverage and the Department can amend the scope of the investigation, if warranted. Including in the notice of initiation an announcement of this comment period would accomplish this.

The Injury Section makes domestic like-product determinations in determining whether or not there is material injury or threat of material injury to the domestic industry, *i.e.*, it determines which product manufactured in Egypt is most like the merchandise being imported. In some instances the definition of a domestic like product may be narrower than that of class or kind. If the Department determines that some domestic like products are not being injured by corresponding imports within the scope of the investigation, the investigation terminates on those imported products. This is the case at both the preliminary (if applicable) and final stages of the injury investigation.

B. Like Product Determinations

The Department also makes a like-product determination as part of its analysis of a petition. A domestic like product is a product that is like or, in the absence of like, most similar in characteristics and uses with, the article subject to an investigation. Thus, the reference point from which a like-product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

V. SPECIAL ALLEGATIONS

A. Sales at Less Than Cost

By making a sales-below-cost allegation, a petitioner hopes to eliminate some or all low-priced exporting-country sales during the period of investigation as the basis for NV. For petition purposes there must be a showing that sales of a popular model or type (one that involves a substantial number of sales) of merchandise are made at prices that do not allow for the recovery of the producer's or exporter's costs. When a sales-below-cost allegation is contained in the petition, the standard for initiating an investigation into that allegation is the same as the standard for initiating a less-than-fair-value investigation (see Sections I and II). Usually petitioners construct a cost allegation using their own factors of production with adjustments for differences in significant inputs in the potential respondents' country. However, in the event the petitioner files a cost allegation subsequent to the initiation of an investigation, all available data on the record must be considered and used, if appropriate. For example, once a respondent submits its questionnaire response, there may be cost data (if non-proprietary) on the record that petitioner would have access to and could use in a cost allegation. Sales-below-cost allegations can be made either on a company-specific or a countrywide basis. The allegations always consist of a comparison of the

home market or third-country prices (depending on the basis for NV) with the estimated cost of production.

The time limits for an allegation of sales at prices below the COP made by the petitioner or other domestic interested party are generally 1) on a countrywide basis, 20 days after the date on which the initial questionnaire was sent to the respondents, and 2) on a company-specific basis, 20 days after a respondent files the response to the relevant section of the questionnaire (*i.e.,* section B). In some cases these dates can be extended. If you receive a request for extension, you should discuss it with your supervisor.
You are responsible for ensuring that all facets of the analysis of a less-than-cost allegation are performed in a timely and correct fashion. Accordingly, you should review the allegation in conjunction with your team's accountant or financial analyst (if applicable). If necessary and if the allegation deadlines have not passed, you can send the petitioner a supplemental questionnaire. Once you have analyzed the cost data and made any necessary adjustments, they will be used in performing the less-than-cost analysis. As part of this analysis you will perform a cost test. The test involves comparing the home market or third-country prices to the COP data to determine what percentage of sales (based on quantity of merchandise sold) is below cost, *i.e.*, whether there are "reasonable grounds to believe or suspect" that the sales, based upon alleged prices in the petition or actual prices contained in a section B questionnaire response that are under consideration for the determination of NV, have been made at prices which represent less than the COP of the product. You should then prepare for the Undersecretary a memorandum containing an analysis of this information with a recommendation whether or not a COP investigation should be initiated. If we decide to initiate a cost investigation, you will issue a cost questionnaire. Always consult with your supervisor if you have a less-than-COP allegation in your case. You should also check the most recently completed less-than-COP allegation analysis to ensure that you are following current procedure.

B. Critical Circumstances

Critical circumstances are alleged if a petitioner thinks that an exporter or producer has started to export abnormally high volumes of merchandise as soon as it is known that an AD petition has been filed or an investigation is underway. An exporter or producer could be doing this to blunt the effects of a preliminary affirmative determination of sales at less than fair value and the potential for dumping duty liabilities on entries filed after that date. If the petition contains a critical circumstances allegation, we must make a determination relative to this allegation either before or in the preliminary determination (if one is issued). If the petition is amended to include an allegation that critical circumstances exist, our required action will depend on the timing of the amendment. If the allegation is filed more than 20 days prior to the due date for the preliminary determination, we must make a determination relative to this allegation either before or in the preliminary determination.

If the allegation is filed less than 21 days prior to the due date for the preliminary determination, or after the preliminary determination has been made but more than 30 days prior to the final determination, we must make a determination of whether critical circumstances exist within one month from the filing of the allegation.

If the allegation is filed not more than 30 days and not less than 20 days prior to the due date for the final determination, we will not issue a preliminary determination regarding the existence of critical circumstances, but we must include a final determination on this matter in the final determination in the investigation.

C. Multinational Corporations

There is a different method of calculating NV using a special rule for certain multinational corporations (MNC). The following three criteria must be met before the MNC provision is invoked:

1. Subject merchandise exported to Egypt is being produced in facilities which are owned or controlled, directly or indirectly, by a person, firm, or corporation that also owns or controls, directly or indirectly, other facilities for the production of the foreign like product, which are located in one or more third countries,

2. The exporting country market, that is, the market in the country from which the merchandise is exported to Egypt, is not viable. That is: (a) the foreign like product is not sold for consumption in the exporting country, (b) the aggregate quantity (or value) of the foreign like product sold in the exporting country is insufficient to permit a proper comparison with the sales of the subject merchandise to Egypt, or (c) the particular market situation in the exporting country does not permit a proper comparison with the EP or CEP, and

3. The NV of the foreign like product produced in one or more of the facilities outside the exporting country is higher than the NV of the foreign like product produced in the facilities located in the exporting country.

Regarding criterion (3), if the products are not identical, the allegation must demonstrate that the products in each market are comparable, *i.e.*, that any observed differences in value between the two markets are not solely the result of physical differences between the merchandise in each market. In addition, the petitioner must provide information indicating that the price differences do not result from different production costs existing between the two countries at issue, *e.g.*, differences in labor rates, taxes, or overhead.

The same deadlines for filing a company-specific sales-at-less-than-cost allegation apply for the filing of a multinational corporation allegation, which is 20 days after a respondent files its response to the relevant sections of the questionnaire. Always consult with your supervisor if you are involved in an MNC allegation analysis.

VI. PREPARATION OF INITIATION PACKAGES

A. Pre-Initiation Requirements

The following is a list of activities that you will need to perform during the initiation/dismissal phase of your case. Before you start your analysis, always check

with your team leader or supervisor to ensure that there are no other significant activities that you will have to address.

1. Ensure that all team members have a copy of the petition and advise them of the date for the team discussion of petition problems.

2. Analyze the petition using the "Anti-dumping Investigations Initiation Checklist" found in Section VII. Also do a like product analysis as described in part B of Section IV.

3. If a draft petition was previously filed and reviewed by another analyst, determine whether problems identified at the draft stage have been corrected.

4. Meet with your team members to discuss problem areas in the petition.

5. Arrange a meeting for the team with your supervisor to review problem areas in the petition. Determine what issues need to be brought to the attention of the Undersecretary.

6. Set up a meeting with the Undersecretary to discuss significant problem areas.

7. Prepare a memo outlining the significant problem areas for the Undersecretary's meeting. Have the memo approved by your supervisor and submit it to the Undersecretary the day before the scheduled meeting.

8. After the meeting with the Undersecretary, advise the petitioner of all deficiencies that need to be corrected. Set a due date for submission of supplemental information that will allow enough time for analysis and a concurrence meeting with the Undersecretary.

9. Begin to prepare the initiation package as described below.

10. Give the initiation package to your team members for comments and then to your supervisor once the team comments are incorporated.

11. Incorporate your supervisor's comments and set up a meeting with the Undersecretary.

12. Place the initiation package in the formal review chain.

13. If it is determined that the petition is inadequate and a dismissal is warranted, see Section VIII.

B. Contents of the Initiation Package

1. The Initiation Notice.

Always check the last several initiation notices that were published. In general, this notice should contain the following information:

a. Identification of the petitioner.

b. A description of the basis for the calculation of the EPs/CEPs and NVs contained in the petition.

c. Any adjustments the Department makes to the submitted EPs/CEPs and NVs.

d. If sales below cost or critical circumstances are alleged, this should be stated.

e. Range of estimated margins as presented or corrected.

f. A statement of industry support for the petition.

g. A detailed description of the scope of the merchandise under investigation, including the HTS numbers, and a statement regarding consultations with parties on the scope of the investigation.

h. The due date for a preliminary determination.

2. Other Documents

In addition to the initiation notice, make sure the following documents are prepared:

a. The "Anti-dumping Investigations Initiation Checklist."

b. A like-product analysis memo.

c. Interested party letters announcing the initiation.

C. Post-Initiation Requirements

1. Ensure that the Initiation Notice is sent to the Official Gazette.

2. On the day of publication, make phone calls to the petitioner or its counsel, counsel for potential respondents, if known, and the foreign country's embassy.

3. Begin preparing AD questionnaires for foreign respondents, and injury questionnaires for the domestic industry.

VII. ANTI-DUMPING INVESTIGATIONS INITIATION CHECKLIST

This checklist is used for analyzing all draft and formally filed petitions. It is the central document in the initiation process, and must be filled out to the extent possible. It usually forms the complete analytical record for this phase of the

investigation. The only other document that should be prepared is a like-product analysis memo. You may also have to prepare a memo documenting your contacts with consultants if any supplied information for the petition (see Section II for information on contacts with consultants and Section IV for information on like-product analysis). There should be no other analytical documents prepared unless specifically authorized by your supervisor or the Undersecretary.

The checklist is a standard format. No changes should be made to the content of this document without the approval of your supervisor.

ANTI-DUMPING INVESTIGATIONS
INITIATION CHECKLIST

SUBJECT: (insert case name)

CASE NUMBER: (insert case number)

PETITIONER(S):

(Insert name(s) – provide the locations of each plant and headquarters)

COUNSEL:

(Insert name of law firm)

RESPONDENT (S):

(Insert name(s))

SCOPE:

(Insert the scope of the merchandise under investigation)

IMPORT STATISTICS:

(Insert the volume and value of imports for the most-recently completed calendar year, year-to-date, and the corresponding prior period)

CASE CALENDAR:

Petition Filed:
Initiation Deadline:
Preliminary Determination (if applicable):
Final Determination:
AD Measure:

INDUSTRY SUPPORT: Does the petitioner(s) account for more than 50% of production of the domestic like product?

___ Yes (insert %) (petition page reference)
___ No (insert %)

If No, do those expressing support account for the majority of those expressing an opinion and at least 25% of domestic production?

___ Yes
___ No – do not initiate

Describe how industry support was established – specifically, describe the nature of any polling or other step taken to determine the level of domestic industry support.

Was there opposition to the petition?

___ Yes (identify each party expressing opposition)
___ No

Are any of the parties who have expressed opposition to the petition either importers or domestic producers affiliated with foreign producers?

___ Yes
___ No

(Explain how the views of these parties were treated in your determination of industry support)

INJURY ALLEGATION:

The Injury Section finds that the petition contains adequate and accurate information with respect to material injury. (The relevant injury data can be found on page (insert #) of the petition.)

Does the petition contain evidence of causation? (Answer Yes or No) (See page (insert #) of the petition.) Specifically, does the petition contain information relative to:

___ Volume and value of imports (see page (insert #) of the petition)

___ Egyptian market share (*i.e.*, the ratio of imports to consumption) (see page
(insert #) of the petition)

___ Actual pricing (*i.e.*, evidence of decreased pricing) (see page (insert #) of the petition)

___ Relative pricing (*i.e.*, evidence of imports underselling Egyptian products)
(see page (insert #) of the petition)

PETITION REQUIREMENTS:

Does the petition contain the following:

___ the name and address of the petitioner

___ the names and addresses of all known domestic producers of the domestic like product

___ the volume and value of the domestic like product produced by the petitioner and each domestic producer identified for the most-recently completed 12-month period for which data are available

Was the entire domestic industry identified in the petition?
___ Yes
___ No (% of producers identified)

Does the petition contain the following:

___ A clear and detailed description of the merchandise to be investigated, including the appropriate HTS numbers

___ The name of each country in which the merchandise originates or from which the merchandise is exported

___ An adequate summary of the proprietary data

___ Import volume and value information for the most recent 2-year period.

LESS-THAN-FAIR-VALUE ALLEGATION:

Export Price/Constructed Export Price

Provide an explanation of how the EP and/or CEP was derived (include in your description the source of the pricing information and any adjustments necessary to calculate an ex-factory price; reference the pages in the petition that contain this information; if the information is based on a market research report or affidavit, explain why you believe that these sources are appropriate).

Does the petition contain the following:

___ Support documentation for the alleged prices or costs and claimed adjustments

___ Any market research reports including affidavits referring to sources and how information was obtained

___ Current and dated price data (no more than 1-year old)

___ Price and cost data from contemporaneous time periods

___ Correct currency rates for all conversions (*e.g.*, if U.S. dollars are used, rates from the Federal Reserve Bank of New York)

___ Conversion factors for comparisons of differing units of measure.

Normal Value

Provide an explanation of how the Normal Value was derived (include in your description the source of the pricing and/or cost information and any adjustments necessary to calculate an ex-factory price or a COP; reference the pages in the petition that contain this information; if the information is based on a market research report or affidavit, explain why you believe that these sources are appropriate).

Does the petition contain the following:

___ Support documentation for the alleged prices or costs and claimed adjustments

___ Any market research reports including affidavits referring to sources and how information was obtained

___ Current and dated price data (no more than 1-year old)

___ Price and cost data from contemporaneous periods

___ Correct currency rates used for all conversions (*e.g.*, if U.S. dollars are used, rates from the Federal Reserve Bank of New York)

___ Conversion factors for comparisons of differing units of measure.

ESTIMATED MARGINS:

(Insert the range of estimated dumping margins)

OTHER ISSUES:

(*E.g.*, COP allegation, regional industry, critical circumstances)

RECOMMENDATION:

Based on sources readily available to the Department, we have examined the accuracy and adequacy of the evidence provided in the petition, and recommend determining that the evidence is sufficient to justify the initiation of an anti-dumping investigation. We also recommend determining that the petition has been filed by or on behalf of the domestic industry.

VIII. DISMISSALS

If deficiencies in the petition cannot be corrected, the petitioner must be given an opportunity to withdraw the petition (subsequent re-filing is possible). If the petition is not withdrawn, a notice of dismissal should be prepared instead of an Initiation Notice. That notice must contain a detailed statement of the reasons for the dismissal of the petition. The preparation and review process is the same as that for an initiation.
If a petition is withdrawn prior to initiation or dismissal, no Department action is required.

IX. POST-INITIATION WITHDRAWAL

If a petition is withdrawn after the initiation of the investigation, a public interest memorandum should be prepared indicating that the termination of the investigation is in the public interest. Make sure you consult with the Injury Section, and notify all parties. You should prepare a notice and send it through the normal review channels. The notice should include the scope of the investigation and the reasons for the termination.

After terminating the investigation you should notify the interested parties and the foreign embassy. You should also ensure that Customs is made aware of the termination, so that imports are not affected or any AD duties assessed.

ANALYSIS OF RESPONSES

July 2000

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LIST OF ACRONYMS & ABBREVIATIONS

CEP	CONSTRUCTED EXPORT PRICE
COM	COST OF MANUFACTURE
COP	COST OF PRODUCTION
CV	CONSTRUCTED VALUE
EC	EXPORTING COUNTRY
EP	EXPORT PRICE
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
HM	HOME MARKET
NV	NORMAL VALUE
PC	PERSONAL COMPUTER
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW
ANTIDUMPING AGREEMENT	AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GATT
WTO	WORLD TRADE ORGANIZATION

ANALYSIS OF RESPONSES

References:

Law No. 161 for 1998, Concerning the Protection of National Economy from the Effects of Injurious Trade Practices in International Trade

Ministerial Decree No. 549/1998 (Regulation of Law No. 161/1998)

Part I, Section 1: Definitions

Part I, Section 2: General Provisions

Part II, Section 2: Various Articles dealing with investigation procedures equally applicable to administrative reviews (ARs)

Part III, Section 1, Articles 32-37: Dumping Calculations

Part III, Section 4, Articles 45-46: Definitive Anti-dumping (AD) Duties

Part III, Section 4, Article 47: New Exporter Review

Part III, Section 5: Undertakings

Part III, Section 7, Article 55: Review of Definitive AD Duties

Part III, Section 7, Article 56: Sunset Reviews

Part VI: Final Provisions

Part VI, Article 86: Non-WTO members

Part VI, Article 91: Developing Countries

Part VI, Article 92: Circumvention

Part VI, Article 93: Simultaneous AD & Subsidy Cases

Part VI, Article 95: Right of Appeal to Administrative Court

Antidumping Agreement
Article 6 – Evidence
Article 9 – Imposition and Collection of Anti-Dumping Duties
Article 11 – Duration and Review of Anti-Dumping Duties and Price Undertakings
Article 12 – Public Notice and Explanation of Determinations

INTRODUCTION

When a response to any portion of the questionnaire (or supplemental questionnaire) is received, it must be reviewed promptly and thoroughly in order to ensure that it has been timely filed in proper form and that it responds to each question in the questionnaire in a complete, accurate, and understandable manner. The analyst should use the checklists for "Proper Filing" and "Technical Adequacy" (attached), as the framework for the review of the response.

The receipt of the response is also the time for the analyst to begin preparing a response index. An index should be prepared for each respondent in the proceeding—particularly when many respondents and responses are being managed at the same time. The index may be organized either by the order of the questions in the questionnaire or alphabetically by response item. The index is updated as supplemental responses are received. The analyst will find the index to be of great help in mastering the responses. Preparing an index is an excellent way to begin response analysis. Additionally, the index will assist both the analyst and other team members in locating response details over the course of the case. Finally, the index can be adapted into a verification outline and, ultimately, edited supplemented to become the verification report.

I. BASIC FILING REQUIREMENTS

For sections of the response reported on electronic media, one "soft" (e.g., on floppy diskette or computer tape) and one hard (paper) copy are sufficient. In situations where respondents are unable to furnish their responses on electronic media or need some modification to our requirements, they must advise the Department within 14 days of the receipt of the initial anti-dumping questionnaire. The Department may modify electronic reporting requirements.

As with all documents, business confidential information must be properly summarized or accompanied by an acceptable explanation of why it cannot be summarized.

Discuss with your supervisor and team members any problems with the form of the response filing.

We can require the submission of sales listings and certain other information on electronic media such as diskettes, cartridges or computer tapes. The respondent must provide a format description and a file layout description for use in the loading and formatting of the electronic data. A printout of the data contained on the tape is also required and should reflect the data exactly. Respondent can have the option of providing a printout of sample transactions, but it must do so for at least every 50th transaction. The printout is used to ensure that the tape is properly formatted with the data in the proper columns and the decimals properly placed. Diskettes, tapes, or cartridges must be given to your computer support team for storage and any necessary processing (usually, for 9-track tapes, formatting and transfer to cartridges). The data should also be copied onto the analyst's PC.

Checking the electronically recorded data is one of the analyst's top priorities after receiving the response. As soon as possible after the response is filed, the data should be checked against the respondent's sample printouts as well as narrative portions of the response for inconsistencies or anomalies. The analyst should compare each variable on sample transactions to see that they match exactly. You should discuss errors with the computer support team. If the errors are caused by unclear formats, data, or physical problems with the electronic media, we must notify the submitting party immediately. Such problems may render the entire response useless, so they must be identified and resolved as quickly as possible.

Turning to the response narrative, the analyst should check that all required sections of the response are included in the data submission. You should pay particular attention to the filing of sections D (Constructed Value (CV)) and (Cost of Production (COP)), and E (value added in Egypt) in cases where they are required. You are responsible for seeing that all aspects of these types of analysis are performed in a timely and complete manner.

You should then review the response to ensure that all information in a foreign language is accompanied by a full English translation. Also review the response to ensure that all exhibits are legible. Check to see that all numeric data and narrative portions of the response are typewritten.

Use the following checklist to ensure that basic filing requirements have been met.

__ Appropriate number of confidential and non-confidential copies filed

__ Confidential and non-confidential versions filed properly

__ Other requirements, as appropriate:

__ Electronic media (e.g., computer tape, cartridge, or diskette) included

__ Electronic media record layout and file information charts

__ Full (or sample) printout of sales listings included

__ Section D (CV and COP), and Section E (Value Added in Egypt) included

__ Other information (Inflation, Non-Market Economy, Third-Country Manufacture, Trading Co. Sales, Multinational Corp. Provision) included, if appropriate

__ Translations of foreign language material included (e.g., financial statements). Depending on the significance of material to the AD analysis, translation of key sections may be sufficient

__ All exhibits are legible

II. IN-DEPTH ANALYSIS OF THE TECHNICAL ADEQUACY OF A RESPONSE

A. General Checks

We want to determine whether the respondent has answered the questions posed in our questionnaire. Thus, the analyst should begin the review by comparing the response to the questionnaire in order to ensure that all questions have been properly answered. Where a question is not applicable to the respondent's situation, the response should so indicate. The analyst should also review the content of the response to each question to ensure that the reply actually addresses our question.

The total sales reported for each market on computer tapes should be checked against the totals reported in the Section A volume and value charts in order to determine whether all sales have been reported. The analyst should develop the totals necessary to make this determination from the sales listings submitted on computer tape.

If the respondent has sales of merchandise in the exporting country (EC) or to third countries which are identical to each item sold to Egypt during the period of investigation (POI) or period of review (POR), reporting of sales of similar merchandise is generally not required except under special circumstances. At this time the analyst should determine whether transactions are reported on the basis of sales during the POI or on the basis of orders or entries for the POR, rather than on the basis of shipments. The narrative response should indicate the basis for the reporting of the date of sale in each market. Discuss with your supervisor discrepancies between the computer tape and the narrative.

You should review the sales listing to ensure that all adjustments discussed in the narrative are included. The response index and the respondent's computer format instructions, identifying the variables used, will assist in this determination. In addition, the analyst should check to ensure that dates of sale are reported clearly in the narrative for all transactions and that the units of quantity are reported clearly. If the respondent sells on a varying quantity basks (e.g., pounds and kilograms), there must be a column reporting the quantities on a uniform basis and any conversion factor used must be reported.

The currency reported for each value element must be reported. Prices and charges must be reported in the currency in which they were incurred. If a particular charge is incurred in a different currency for individuals, separate columns must be established for each element in each currency. If any of these items are unclear, request in a supplemental questionnaire that the respondent clarify them.

The section-by-section analysis described below should be reviewed in conjunction with the checklists in section III. These two sections together provide the new analyst with a good overview of what to look for in a response.

B. Section A – General Information

Often the response to Section A is received prior to the full questionnaire response. In those instances the Section A response gives us a head start for making decisions regarding the selection of the appropriate foreign market for NV, the use of constructed export price (CEP) or export price (EP) as the basis of the starting price for sales to Egypt, the use of CV, whether high inflation exists, and the need for a questionnaire section on value added in Egypt after importation.

The information requested concerning the organization of the respondent's company, market structure of the industry, channels of trade, and the function of the purchasers in the respective markets is essential to the analyst's understanding of the industry. The information on channels of trade, customer category, and the seller functions performed by the respondent is used to make comparisons at the same level of trade or as part of the basis for an adjustment for differences in level of trade. Where a respondent's sales are to trading companies, it is vital to know whether the respondent knows at the time of sale that the merchandise was destined for the Egyptian market; if not, a trading company might need to respond to the questionnaire. See your supervisor immediately if the respondent sells through a trading company.

The information on the sales process is helpful in determining whether the respondent has compiled its list of sales made during the POI or POR using the correct date as the date of sale. Although the Department will usually use the date of the invoice as the date of sale, parties may present evidence that another date is more appropriate. If the question arises as to what point all of the substantive terms of sale are agreed upon (especially when considering long-term contract sales), you should consult with your team and your supervisor. It is essential that questions concerning the date of sale be addressed as soon as possible, since the resolution of this matter will affect the completeness of sales reporting for the POI or POR, as well as the proper exchange rates to be used for converting the NV into U.S. dollars or Egyptian pounds.

For investigations the respondent's normal accounting period is needed to determine the appropriate period in the evaluation of cost data and for verification planning. Often records are maintained on an annual or quarterly basis. In some countries (e.g., Japan) fiscal periods may not coincide with the calendar month. If, for example, a company's fiscal period ends on the 20th of the month, all of its financial records, including sales, may be arranged in that fashion. The analyst will want to know whether the respondent's sales and expense allocation reporting conforms to our POI or POR or to the respondent's accounting system. See your supervisor if the periods do not coincide.

For investigations, detailed descriptions of the merchandise, including technical drawings, brochures, and other documentation, as appropriate, can assist the analyst in developing the technical knowledge needed to determine the most appropriate product comparisons. All catalogs and brochures must be in English or be translated into English. The basis for the respondent's reporting of control numbers and product characteristics must be explained in detail so that the analyst can evaluate appropriate product matches fairly. For administrative reviews this same level of detail will be needed for exporters/producers not covered previously.

The analyst must check that the respondent has reported data concerning the volume and value of sales for the respective markets for the POI or POR. Sales to affiliated and unaffiliated purchasers must also be reported separately. As stated above, you should compare the respondent's data in Section A to that reported in Sections B and C.

All price lists, discount/rebate schedules, policy statements and descriptions of contractual arrangements must be given in English. These items assist in the determination of date of sale, the proper treatment of rebate claims, and the proper application of the rules for granting adjustments for quantity differences.

Customer lists for both markets and the associated customer codes must be included. These lists assist in the determination of which sales are made to affiliated customers, the proper application of adjustments that are claimed for specific customers, and the identification of documents at verification. Customer codes should be created that do not reveal the

customer's identity. If the respondent refuses to provide complete customer lists, consult with your supervisor.

Any information concerning transshipments (i.e., shipments to Egypt from one country via a third (intermediate) country) should be included in sufficient detail to permit a full understanding of the facts concerning the transshipments. This data is necessary for determining whether the special provisions on transshipment apply. Discuss any questions regarding transshipments with your team and supervisor.

C. Section B – Exporting-Country/Third-Country Sales

The analyst should begin the review of section B by determining whether sales to the appropriate market(s) have been reported. At this stage it is a good idea to double check that all appropriate sales have been reported. Are sales from outside the POI or POR included? Has the respondent indicated what sales, if any, have not been reported?

The analyst should determine if the respondent indicated whether it has reported all change orders or amendments which were made during the period, pursuant to contracts made prior to the period, or which would affect sales made during the period. If the response indicates that such change orders or amendments exist, they should be described in detail so that we can make a judgment concerning the proper treatment of the affected sales. In addition, where such change orders or amendments exist, they should be flagged for attention at verification. These changes to sales may also affect our date of sale determination.

The analyst should check that there is a statement that the prices reported include the cost of all options and that they are described in detail, where appropriate. Where special options are a part of the terms of sale, we will need to determine the appropriate basis for accounting for them.

The terms of sale for each sale must be included in the sales listing and must be described fully in the narrative. The reported charges for each sale should reflect the terms of sale. Estimated charges should be reported for merchandise sold during the POI that were not shipped before the response was prepared. Generally such charges should be based on the charges incurred on the most recent shipment to the same or a nearby destination.

Any charges or expenses should be reported in the sales listing on a per-unit rather than an aggregate basis. For example, where the respondent spent $500 to ship 1000 units, the reported amount should be $0.50, not $500. Where charges or expenses are incurred in different currencies for individual sales, they should be listed in separate columns on the computer printouts of the sales listing in the currency in which they were incurred. Compare the narrative description of the currencies used with the computer layout instructions to see that both portions of the response indicate the same currency for each charge or expense.

Although values should normally be reported in the currency in which they were actually incurred, any exchange rates used by respondent for any conversions of currency must be reported. We use the respondent's conversion to check for any possible errors and to reconvert at the proper exchange rates amounts that respondent need not have converted in the first place.

If charges have been allocated between products or shipments, the basis of the allocations and the formulas used must be included. The response should include worksheets showing how the allocations were made. This review enables the analyst to determine whether the allocations appear reasonable. For instance, items such as freight and handling charges are usually incurred on the basis of quantity (weight, pieces, or cubic measurement), while such

charges as insurance and brokerage are usually based on value. All allocations should normally be made on the basis on which the costs were incurred. Where an allocation appears to be inappropriate, corrections or further explanations should be requested in the supplemental questionnaire.

Packing costs must be fully described. A breakout of material and labor costs must be provided. Any allocations must be described and formulas included, together with worksheets, where appropriate. Often diagrams, photos, or step-by-step descriptions of the packing process are warranted. This response portion enables us to determine whether the basis of allocation is reasonable and provides us with the necessary information to recalculate, if appropriate. It also permits a comparison to the packing expenses reported in any cost or constructed value responses. The description of home market/third-country packing should be compared to Egyptian packing to help determine whether all costs involved in the latter have been included.

Where discounts or rebates are given, each discount or rebate must be listed separately. The starting price reported must be the price before any rebates or discounts are deducted. Rebate and discount policies must be fully described. Where rebates or discounts are based on quantities purchased over an extended period of time, including sales outside the POI or POR, the rebates or discounts must be allocated over all applicable sales. It is also important that the policy of granting any post-sale adjustment be clearly explained and documented. Where discounts, rebates, or post-sale price adjustments have been allocated, the basis of the allocation must be fully described. Where the allocations include out-of-scope merchandise, this merchandise should be described so that we can determine if there are grounds to suspect distortions in the allocations. Price protection or ship and debit arrangements must be fully described. This information enables us to make an independent judgment about the proper treatment of the rebates and discounts. This degree of detail also facilitates verification.

Differences in physical characteristics between the items sold in the foreign market and those sold to Egypt must be fully described. Such differences only exist when there are actual physical differences. For instance, claims for adjustment based on differing prices for material inputs or on differing labor or overhead costs due to varying production runs are not based on differences in physical characteristics of the merchandise and, thus, not allowed. The claimed adjustments must be limited to differences in direct manufacturing costs between physically non-identical merchandise. Material, labor, and direct variable factory overhead costs must be reported separately for each model in the sales listing. This information enables us to calculate the appropriate adjustments for physical differences between the Egyptian model being tested and the foreign market model that we have selected as the appropriate comparison product. Reported cost of manufacture data should be compared to any cost of production data submitted in response to Section D. Diagrams and photos may be helpful and we may want to request them in a supplemental questionnaire if the respondent has not already submitted them.

Payment terms must be fully described. Claims for differences in credit costs must be based on actual payment experience rather than nominal payments terms. The methodology for calculating the number of days credit was extended must be fully described and include all formulas used for the calculations—particularly when a number other than the actual number of days between the shipment date and the payment date has been reported. The source of calculation of interest rates used in the calculation of claims for differences in credit must be fully described. Other factors, such as compensating balances, interest on compensating balances and pre-payment, must be fully described and calculation formulas included. This information enables us to adjust the claimed amounts if appropriate and assists in the verification of the data.

Claims for circumstance-of-sale adjustments for technical services must be described fully. There must be sufficient information to allow us to make a judgment concerning the direct relationship of the claimed services to the sales under consideration. The specific terms of sale under which the technical services are provided must be identified in detail. All costs claimed for technical services must be isolated by cost category and described fully. Any reimbursements for technical services must be reported. All allocations must be described and formulas reported. This information enables us to determine whether the services are directly related to the sales under consideration and provides us with the necessary data to reallocate costs, if appropriate.

The terms under which commissions are paid must be reported and all allocation formulas included. The response must indicate the relationship of the respondent to the commission recipient. Commissions paid to company employees should be reported as being paid to affiliated parties. Where commissions are paid in the Egyptian market and not the EC or third-country market, indirect selling expenses in the EC or third-country market must be reported for purposes of calculating the offset for the Egyptian commissions (see below for more information on reporting indirect selling expenses).

Full descriptions of all claims for adjustment based on warranties, guarantees, or servicing must be included. Warranty and guarantee experience for prior periods (usually three years) must be reported so that we have a reasonable basis for calculating the adjustment because most such expenses relating to the sales reported will be incurred after the POI or POR. Fixed and variable expenses should be reported separately. If actual expenses were incurred during the POI or POR, these expenses should be reported by individual category.

The response should indicate if warranty or guarantee expenses are incurred on sales to selected customers or if certain customers are eligible for warranties or guarantees. In addition, the respondent should indicate whether all of the products under investigation or review are subject to the same warranty or guarantee provisions. If there is a relationship between warranty expenses and technical service expenses, the relationship must be explained in detail. Any payments pursuant to product liability claims must be reported in detail and related allocations included. This information is needed to calculate the correct adjustment and to verify the data efficiently. Actual product liability claims paid should be reported separately from insurance premiums paid.

If the respondent pays royalties on the sale or manufacture of the merchandise under investigation or review, the full details of the conditions of the royalty agreement and payments and the products covered must be included. All allocations must be explained in detail. This information permits us to calculate any adjustment correctly and to verify the data efficiently.

Claims for adjustments for differences in circumstances of sale for advertising must be reported in detail. The expenses incurred for different categories of media advertising must be reported separately and, where available, samples should be furnished with English translations. The reporting should indicate the intended audience for the advertising. Actual or anticipated reimbursements must be reported. Advertising expenses must be reported separately by market. All allocations must be fully explained and, where applicable, advertising expenses incurred on behalf of a particular customer or related to a specific product should be reported separately. This information enables us to determine which expenses are directly related to the sales under consideration.

Claims for adjustments for pre-shipment warehousing must be described fully, including an indication of the terms under which the warehousing expenses are incurred on behalf of a particular customer. This description should include the pre-contract or contract terms under

which this service was provided. Pre-shipment warehousing expenses should be reported on a sale-by-sale basis. This information permits us to evaluate this claim and reallocate expenses, as appropriate. Post-shipment warehousing expenses should be reported on a sale-by-sale basis along with other movement charges.

General warehousing expenses should be reported separately from pre-shipment warehousing expenses involving merchandise designated for individual customers. The respondent's short-term borrowing rate should be included and the respondent should indicate where inventory carrying costs have been included, if they are reported separately.

The information required on claims for adjustments for differences in circumstances of sale will form the basis for determining whether the claimed expenses are directly related to the sales under consideration (and are therefore allowable as circumstance-of-sale adjustments), or constitute indirect selling expenses. The information will also permit us to check the reasonableness of allocations. Similar reporting is required for sales to Egypt.

EC prices should be reported without consumption-type taxes included. If these types of taxes are included in the prices, be sure that the respondent has provided all necessary information on the taxes, such as the tax base, tax rate, tax formula, and appropriate tax statutes and regulations (in English). Where the taxes vary by destination of the merchandise sold in the EC market or the tax incidence cannot be calculated on the basis of a meaningful average, we will deduct the actual taxes incurred from the EC price on a sale-by-sale basis.

Information on other expenses incurred relative to EC or third-country sales is needed in order to determine whether they should be included in the adjustments to NV. Accordingly, all selling expenses that are not directly related to the sales under consideration should be reported separately and the basis for any allocations should be included. These expenses will be used as the basis of offsets to commissions paid on Egyptian sales (where there are no commissions on home market sales) or, under certain circumstances, as an offset to certain indirect selling expenses incurred for Egyptian sales that are based on CEP. A clear breakdown of expenses and explanations of allocations will assist in the verification.

All payments to third parties relative to EC sales should be reported and explained clearly in order to allow us to determine whether it is proper to treat them as adjustments to the home market price.

If the respondent has leases in the EC or in third countries, the full details of the lease terms should be reported. Such transactions should be brought to the attention of your team and supervisor for consideration and review.

Where adjustments for differences in level of trade claims are made, the respondent must furnish complete information on the selling functions performed by the respondent and differences in pricing and costs for customers at these different levels. Even if a level of trade claim is not made, the Department analyzes the response to the extent possible and determines if additional information is needed to make this determination.

D. Section C – Egyptian Sales

The review of section C should follow the same lines as that of section B. It is particularly important to determine that all direct selling expenses incurred on Egyptian sales have been reported. If an expense has been reported in Section B but not in Section C, we should ask the respondent to explain why Egyptian sales do not involve such expenses. The analyst should also look for expenses that might reasonably be expected, even if not reported. For

example, if no warranty expenses have been reported, we may want to ask the respondent specifically to explain its warranty history in Egypt and why no expenses were reported.

In addition, you should ensure that all sales included in the reporting of Egyptian sales are the first sale to an unaffiliated party. For administrative reviews ensure that importer names are clearly identified for EP sales, as each unaffiliated importer should receive its own assessment margin. For Egyptian EP sales complete entry (shipment) data must also be reported for the POR. If the respondent sells to Egypt through an unaffiliated trading company in the exporting country and knows at the time of the sale that the merchandise is destined for Egypt, the price to that trading company should form the basis for the calculation of EP. Where sales are made by or through an affiliated arm in Egypt, we must determine whether EP or CEP is the proper basis for determining the Egyptian sales price. The response must include the information necessary for us to determine the proper basis for reporting prices to Egypt. Review Section A again in this regard. Generally, if the merchandise sold through an affiliated party in Egypt enters into the inventory of that company, we will use CEP.

All charges that are appropriate to the terms of sale must be reported in the currency in which they were incurred. Look carefully at such charges such as export packing, foreign inland freight, ocean freight, and foreign brokerage to see that the charges were reported in the appropriate currency. All allocations of charges should be fully explained. This information is needed to permit us to judge the reasonableness of the allocations and to reallocate as appropriate.

Note whether the respondent enters into currency exchange contracts. Any such contract must be described in detail. The respondent must also specify whether currency contracts are tied to specific sales of the subject merchandise and how this is done.

Data relating to adjustments for differences in circumstances of sale must be reported for the sales to Egypt so that the appropriate adjustment can be calculated. Selling expense categories must be broken down so that the appropriate distinction can be made between direct and indirect selling expenses. If commissions are involved for EC or third-country sales, and there are no commissions on Egyptian EP sales, check with your supervisor to determine if Egyptian indirect selling expense information is needed. Always ensure that Egyptian indirect selling expense information is included for CEP sales.

Where CEP is involved, all data necessary for calculating CEP profit must be reported. In addition, for CEP sales of merchandise which has been further processed in Egypt prior to sale to an unaffiliated party, value added—defined as all costs incurred in the further processing—must be reported (see part E below). This data allows us to make the appropriate adjustment to the CEP.

E. Sections D (CV) and (COP), and E (Value Added in Egypt after Importation)

For cases where accountants or financial analysts are involved, responses to the CV, COP, and Egyptian value-added sections of the questionnaire should be forwarded to them and your supervisor immediately upon receipt. The analyst should also review the responses to these sections of the questionnaire in order to become completely familiar with the information submitted. The analyst should follow up on the review by the accountant or financial analyst and ensure that their comments on the adequacy of the response are included in the supplemental questionnaire. For investigations and reviews where you are responsible for the analysis of the complete cost response, you should always consult with your supervisor about the analysis and verification of the data.

F. Trading Company Questionnaires

In the rare market economy case in which a response is required from a trading company, the response should be reviewed in order to ensure that all relevant Sections A, B, C, and, if appropriate, D data is provided.

G. Other Areas of Review

All areas of the response covering case-specific questions with regard to product comparison characteristics should be reviewed thoroughly by the analyst and team members to ensure completeness and responsiveness.

You should ascertain immediately whether data submitted on electronic media is usable. Problems must be addressed in the supplemental request for information or, as circumstances warrant, in telephone contacts with the respondent or its representative, where applicable. Any information you receive in a telephone conversation must be reflected in a memo to the file promptly after the conversation occurs.

III. TECHNICAL ADEQUACY CHECKLISTS

Before you start your technical analysis of the response, remember that your first task is to determine if the response is filed properly (see section I). If the response is filed improperly, the respondent (or, where applicable, its representative) should be notified accordingly so that the response filing can be corrected. This step should be taken with the concurrence of your supervisor.

Once you have completed the checklist for basic filing requirements found in section I, you should then ensure that all requirements beyond the basic filing requirements are met. The submission of electronic media and related formats as well as responses to all required sections of the questionnaire should be reviewed. During this review process, the analyst must ask whether the respondent has answered clearly and comprehensively each question posed in each section of the Department's questionnaire, even if it is only to state that the question is not applicable to the company.

The analyst should review the response thoroughly, as discussed in the previous section. While doing so, the analyst should seek to organize the response information in such a manner as to facilitate access, understanding, and the identification of significant issues. For example, the analyst may prepare a response index or a pre-verification outline. The index or outline will assist the analyst in locating possible problem areas at a later date and make it easier for the team members or supervisor to locate information in the analyst's absence. In addition, the response index will assist the analyst at various stages of analysis and in preparing for and conducting verification.

The analyst should indicate on the checklists all areas that are handled properly in the response. Areas of omission or deficiency, or areas where the analyst thinks there is a possible omission or deficiency, should also be indicated. You should also add other areas of concern that may not be covered by the checklist. Once you have completed your analysis, you should always review it with your supervisor.

A. General Review Checklist

__ All questions are responded to in English in the narrative (if a question is not applicable, the response should so indicate).

__ All sales are reported for each relevant market (totals in Section A equal totals reported in sections B and C).

__ Reporting is based on sales concluded during the POI or sales or entries (shipment information if entry data is not available) for the POR. When long-term contract sales or EP transactions for ARs are involved, you should ensure that all appropriate sales data from outside the POR is included.

__ All adjustments are included on the electronic media and the sales listings.

__ All sales listed include the date of sale. The date of sale will most frequently be the date of invoice (which may coincide with the date of shipment), as recorded in the exporter's records maintained in the ordinary course of trade. Exceptions to this policy will apply where we are presented with satisfactory evidence, on a case-specific basis, that a different date of sale is more appropriate (e.g., cases involving long-term contracts).

__ All units of quantity are reported clearly.

__ Units of quantity are expressed in uniform terms of measurement in each database.

__ Where the merchandise is sold in different units of measurement in the respective markets, the actual unit should also be shown and conversion factors indicated.

__ The currency reported for each item is clearly indicated.

__ All items are reported in the currency in which the charge was incurred.

__ The printout from the submitted electronic media matches the hard copy included with the response, particularly the placement of decimals.

B. Detailed Review Checklist

SECTION A

Quantity and Value of Sales

__ Quantity and value of sales are reported separately for each like product category.

__ Quantity and value of sales data are provided for the required markets; all currency conversion rates used are provided.

__ Quantity and value of sales data reported separately for affiliated and unaffiliated customers.

__ Organizational chart/full description of the corporate structure is included.

__ Affiliations with customers and/or suppliers are fully described.

__ The classes of customers and their functions are fully described.

__ Channels of trade/distribution in the industry are fully described. Functions performed and services offered in each distribution channel to each class of customer in Egypt and comparison markets are fully described.

__ There is a clear indication of the date on which all terms are agreed upon. As noted above, the date of sale will normally be the date of invoice, as recorded in the exporter's or producer's records maintained in the ordinary course of trade unless there is satisfactory evidence to the contrary. Exceptions may apply on a case-specific basis.

__ The sales process for each channel of distribution is fully described.

__ Where sales are made through resellers, there is an indication that the respondent does/does not know the ultimate destination of the merchandise.

__ A description of the types of sales agreements negotiated in Egypt and comparison markets and sample sales documentation generated in the sales process (e.g., sales contracts, purchase order, order confirmation, invoice, shipping documentation) are provided.

__ Price lists and discount/rebate schedules are provided in English.

__ A description of respondent's accounting and financial reporting practices is provided, including the respondent's normal accounting period.

__ English versions or translations of the following financial documents for the two most recently completed fiscal years plus all subsequent monthly or quarterly statements: (1) chart of accounts; (2) audited, consolidated and unconsolidated financial statements (including footnotes and auditor's opinion); (3) internal financial statements or profit and loss reports for the merchandise under investigation or review; (4) financial statements of all affiliates involved in the production or sale of subject merchandise in the comparison and Egyptian market, of all affiliated suppliers to these affiliates, and the parent(s) of these affiliates; (5) any financial statement or report filed with the local or national government of the country in which the respondent is located.

__ Detailed descriptions of the merchandise produced or sold by the respondent, and the production process involved, are included, along with technical drawings, catalogues, brochures, and other documentation in English.

__ Complete explanations of the differences and similarities of the merchandise under investigation or review sold in the comparison market and that exported to Egypt.

__ A key to product codes assigned to the merchandise in the normal course of business is included.

__ Information concerning value added in Egypt is provided and is in sufficient detail. If the respondent believes that the value added in Egypt exceeds substantially the value of the subject merchandise that has been further processed, the information provided should include a weighted-average net price for the POI or POR charged to the affiliated importer for each product included in the investigation or review that has been further manufactured and the weighted-average net price for the POI or POR charged to the unaffiliated Egyptian customers for each further manufactured final product.

__ Information concerning exports through intermediate countries (transshipments) is included and is in sufficient detail.

__Information concerning sales of subject merchandise supplied by an unaffiliated producer is included, and is in sufficient detail, including whether the supplier had knowledge, at the time of sale, of the ultimate destination of the merchandise purchased by the respondent or its affiliate.

SECTION B

__ EC/third-country sales are reported, as appropriate.

__ The narrative response coincides with the data in the electronic media.

__ If the respondent has demonstrated that reporting of sales of identical merchandise is appropriate (there are sales to unaffiliated purchasers in the EC market of products that are identical to all products sold to unaffiliated purchasers in Egypt and that the volume of these EC sales is at least five percent of the volume of the sales to Egypt), all of the sales are reported or, if similar merchandise sales should be reported, all sales are included.

__ All change orders or amendments to contracts which were made during the POI or POR, or affect sales made during the POI or POR are reported and described in detail.

__ Date of sale is reported in accordance with the instructions in section A.

__ Sales prices are reported net of taxes rebated or not collected when the product is exported (e.g., value-added tax) and include the cost of all options.

__ Terms of sale (including delivery and payment) are indicated for each sale and are fully described.

__ Product codes assigned in the ordinary course of business and control numbers assigned to each unique product are included.

__ Estimated charges are reported for merchandise which was sold during the POI but was not shipped at the time of the response.

__ All charges are reported on a per-unit basis.

__ The charges reported reflect the terms of sale.

__ All charges are reported in the currency in which they were incurred.

__ Where a charge is incurred in different currencies on different sales, they are presented in the sales listing in different columns.

__ All exchange rates used for the conversion of currency are reported.

__ All allocations of charges are explained and all formulas and calculation worksheets are included.

__ A description of all charges incurred by the respondent to transport the merchandise from the factory (place of shipment) to the customer, including warehousing, is provided. If the respondent is an unaffiliated reseller that physically takes possession of the merchandise, then these charges should be reported from the point of shipment of the reseller.

__ Packing costs are fully reported with a proper breakout of materials, labor, and overhead in calculation worksheets.

__ Rebate and discount policies are fully described for the EC market.

__ Each rebate or discount granted is reported separately on the sales listing, and is calculated net of taxes rebated or not collected when the product is exported.

__ Where discounts or rebates are based on quantities purchased over a period of time which extends beyond the POI or POR, they are allocated over all applicable sales.

__ Reasoning for any claimed level of trade adjustment is fully explained and calculation worksheets provided. Note that if a level of trade adjustment is not requested, the Department must analyze this situation based on the information in the response. If it looks like level of trade could be involved and the information in the response is insufficient to make a complete analysis, we must request in the supplemental questionnaire the information necessary to make this determination.

__ Terms under which commissions are paid are described.

__Allocations of commissions paid are described.

__ Relationships to commission recipients, including employees, are included. For commission payments to affiliated selling agents, evidence is provided that such payments were made at arm's-length by reference to commission payments to unaffiliated selling agents in the comparison market and other markets.

__ Interest rates used in the calculation of credit costs are fully described. Such interest rates are based on short-term borrowings in the currency in which sales are denominated.

__ The methodology in determining the number of days for which credit was extended is fully described.

__ Other factors affecting net credit costs are described, including compensating balances.

__ A description of conditions under which customers are charged interest for late payment is included and interest income received is reported in the sales listing on a transaction-specific basis.

__ Claims for pre-shipment warehousing expenses include an indication of whether the expenses are incurred on behalf of a particular customer as a condition of sale or if inventory can be specifically associated with particular customers.

__ Post-shipment warehousing expenses are reported as part of movement expenses specifically by sale less any reimbursements received from the customer.

__ Expenses for various categories of advertising are reported. There is an indication of whether any advertising expense is incurred on behalf of a particular customer.

__ Advertising expenses for the foreign like product that have been assumed by the respondent on behalf of its customers are reported separately from expenses incurred by the respondent to advertise to its customers. The latter type of advertising expenses is reported as part of indirect selling expenses.

__ Actual or anticipated reimbursements for advertising are reported.

__ Allocations of advertising expenses are fully explained.

__ Full descriptions of warranties, guarantees, and servicing are provided.

__ Warranty/guarantee expenses for the three most recently completed fiscal years are reported and broken down by fixed and variable expenses.

__ Actual warranty/guarantee expenses (less any reimbursements from the customer or unaffiliated parts suppliers) related to sales of the merchandise during the POI or POR are reported and broken down by variable and fixed costs.

__ The reporting of warranty/guarantee expenses reflects differences in experience among products.

__ Actual or anticipated reimbursements for warranties/guarantees are reported.

__ All relationships between warranty/guarantee expenses and technical service expenses are described.

__ Claimed technical services are described in detail.

__ Divisions of cost centers to which technical service expenses are allocated are identified.

__ Reimbursements for technical services are reported.

__ Allocations of technical service expenses are included. Direct and indirect technical service expenses are reported separately in the sales listing. Indirect technical service expenses are reported as part of indirect selling expenses.

__ Terms of sale under which technical services are rendered are identified.

__ Full details are included regarding the payment of royalties, including the conditions and products involved.

__ Allocations are fully explained for royalty claims.

__ Payments for product liability claims are reported and described fully, including allocations.

__ An explanation is provided of all domestic taxes imposed on home market sales which were rebated or not collected on products exported to Egypt, and excluded from the reported sales price.

__ Other expenses incurred on the merchandise sold in the comparison market are identified separately.

__ An indication is provided of which expenses are directly related to sales in the comparison market during the POI or POR.

__ All calculations used in reporting other expenses are fully described.

__ Sales overhead expenses (indirect selling expenses) are described and calculation worksheets are provided.

__ The opportunity cost to maintain inventory for sale in the comparison market (inventory carrying cost) is reported. An indication is provided of the average length of time the finished product is maintained in inventory prior to the sale to the first unaffiliated customer, calculated from the end of production to the date of shipment to the customer.

__ Differences in physical characteristics in merchandise are fully described.

__ Claimed adjustments for differences in merchandise are limited to direct manufacturing costs.

__ Claimed adjustments for differences in merchandise are broken down into categories for materials, labor, and variable factory overhead. If full COP information is being submitted in response to Section D, no additional narrative is required.

__ A description of the cost accounting system and a discussion of the derivation of the variable costs reported for differences-in-merchandise adjustment purposes are provided. If full cost of production is being submitted in response to Section D, no additional narrative is required.

__ If third-country sales are reported, information concerning the following items is included, along with calculation worksheets: international freight, marine insurance, inland freight from port to warehouse and warehouse to customer, inland insurance, brokerage and handling, Customs duty, duty drawback, and export taxes.

__ All information necessary to calculate offsets for commissions or, if appropriate, the offset relevant to differing levels of trade for CEP sales.

__ Each item included in the reporting of offsets is listed separately.

__ Any sales which the respondent claims are not made in the ordinary course of trade are fully described.

SECTION C

__ All sales to unaffiliated purchasers in Egypt are reported by like product group as defined in the questionnaire appendix which includes the description of the scope of covered merchandise.

__ CEP sales are reported separately from EP sales.

__ Sales made through affiliated and unaffiliated parties for shipment to Egypt are reported separately or are coded so that they are readily identified.

__The names of all unaffiliated importers are clearly identified for all administrative review EP transactions.

__ The cost of all options included in the sales price is reported.

__ All change orders and amendments to contracts which were made during the POI or POR or which affect sales made during the POI or POR are reported and fully described.

__ The basis for determining date of sale is fully described in the same manner as that required in Section B.

__ Terms of sale (including delivery and payment) are included for all sales.

__ For merchandise which was sold, but not shipped during the POI, estimated shipping charges are included, based on the last known charges.

__ All charges appropriate to the terms of sales are reported, described, and listed separately.

__ Allocations of charges are explained in full.

__ A description is provided of all charges incurred by the respondent to transport the merchandise from the factory to the customer.

__ Packing, including containerization, and repacking costs are reported in calculation worksheets with proper itemization of the costs of materials, labor, and overhead.

__ Claims for discounts and rebates are reported in the same manner as similar claims in Section B.

__ For merchandise which is subject to CEP analysis, all costs associated with economic activity in Egypt relative to the sale of subject merchandise are reported separately.

__ All information concerning selling expenses related to Egyptian sales is provided as required in Section B.

__ Where CEP is the basis for prices in Egypt, the average time between production and receipt by the Egyptian affiliate and between receipt by the affiliate and shipment to the unaffiliated customer is reported.

__ Where appropriate, indirect selling expenses to offset commissions in the comparison market are reported.

__ Variable costs for claimed differences in merchandise are reported in the same manner as required for Section B.

__ Duty drawback received upon exportation of the merchandise to Egypt or duties that are not collected because of export to Egypt is fully described, including calculation methodology and applicable drawback laws, where appropriate.

__ The amount, if included in the price, of any export tax, duty, or other charge imposed by the exporting country on the exportation of the subject merchandise, is fully explained.

__ For CEP sales where the merchandise is further processed in Egypt prior to sale to unaffiliated customers, the section relating to further processing costs is responded to fully.

__ Egyptian value-added costs are reported in accordance with Section E requirements.

__ Identification of sales of merchandise shipped into foreign trade zones in Egypt for further processing is provided.

SECTION D

The analyst can use the following points to better understand the possible shortcomings of Sections D and E of the response. Note also that some of the points covered refer to areas that require reconciliation to Sections B and C of the response. Also, since the analyst has complete responsibility for the review of a CV, COP, or Egyptian value-added response, you must seek your supervisor's assistance.

__ General information concerning respondent's product and production process is provided, including flowcharts of the production process, a description of production facilities, and a list of inputs used to produce the merchandise under investigation.

__ Inputs obtained from affiliates are identified, and volume and value of major inputs purchased from affiliates are reported (including transfer price and per-unit cost of producing the input by the affiliated party in the case of a sales-below-cost investigation).

__ A complete description of respondent's financial and cost accounting systems and practices is provided, including illustrative flowcharts.

__ COP and CV are calculated based on actual costs incurred by the respondent during the POI or POR, inclusive of all facilities producing the merchandise, on a weighted-average basis using model-specific production quantity as the weighting factor.

__ Variable costs reported for claimed differences in merchandise for purposes of Sections B and C reconcile with costs reported for Section D purposes.

__ A detailed description of the methodology used to compute COP and CV is provided and addresses the following items: direct materials, internal taxes on materials purchases, import duties on materials purchases, direct labor, variable and fixed production overhead, research and development costs, general and administrative expenses, and net interest expense. These items are reported on electronic media.

__ A detailed description of the differences between costs computed under the respondent's normal cost and financial accounting systems and the costs submitted in response to Section D is provided.

__ For the model with the highest Egyptian sales volume and the model with the highest comparison market sales during the POI or POR, worksheets are provided showing the reconciliation of per-unit cost of the product recorded for inventory movements from work-in-process to finished goods inventory to the COM submitted for CV and COP, respectively.

SECTION E

__ General information is provided concerning adding value after importation into Egypt for the subject merchandise, including: flowcharts of the Egyptian production process, description of production facilities, and a list of inputs used to further manufacture the subject merchandise.

__ Inputs obtained from affiliates are identified and volume and value of major inputs purchased from affiliates are reported (including cost of producing the input or transfer price).

__ Complete descriptions are provided of the respondent's financial and cost accounting systems and practices, including illustrative flowcharts.

__ Value-added costs are calculated based on actual costs incurred by the respondent during the POI or POR on a weighted-average basis using model-specific production quantity as the weighting factor.

__ Value-added costs reported for Sections C and E reconcile.

__ A detailed description of the methodology used to compute value-added costs is provided and addresses the following items: direct materials, direct labor, factory overhead costs (including research and development), general and administrative expenses, and net interest expense. These items are reported on electronic media.

__ A detailed description is provided of the differences between costs computed under the respondent's normal cost and financial accounting systems and the costs submitted in response to Section E.

OTHER SECTIONS

Hyperinflationary or High-Inflation Countries

Sections B and C

__ All reporting requirements relevant to Sections B and C above are satisfied.

__ Variable costs for claimed differences in merchandise adjustments are reported based on current costs in the month of the Egyptian sale.

Section D (if appropriate, check with your team accountant – these checklist items are mentioned for informational purposes only. Since you are responsible for performing the complete analysis of this information for an investigation or review, you must see your supervisor for assistance).

__ Current cost methodology is employed which values the cost of production in the month of shipment. COP and CV are reported based on the current costs of all facilities producing the merchandise and calculated on a weighted-average monthly basis, using model-specific production quantity as the weighting factor.

__ A detailed discussion is provided of the impact of inflation on respondent's production costs accounting.

__ A list is provided of monthly monetary correction indices for the POI or POR and the two prior years.

__ The response contains a description of the accounting principles employed by the respondent to account for the effects of inflation and an explanation of the differences between the principles employed and generally accepted accounting principles.

__ All other requirements for Section D of the questionnaire for COP and CV, modified to account for inflation, are satisfied.

Non-Market Economy

Section C

__ All reporting requirements relevant to Section C above are satisfied.

__ Production factors information is reported for all models or product types sold in the Egyptian market during the POI or POR on a per-unit basis reflecting actual inputs used by the respondent during the POI or POR, as recorded in its normal accounting system.

__ If the subject merchandise is produced at more than one facility, factor use and output of subject merchandise at each facility during the POI or POR are reported.

__ General information is provided on the following items: products, production process, and production facilities.

__ The response includes a list of inputs and services the respondent purchased from a market-economy supplier and paid for in market-economy currency during the POI or POR, and the market prices of these inputs and services. A detailed description of market-economy transactions is provided, including the names of suppliers, the respondent's relationship with the suppliers, the source country, and terms of payment.

__ A detailed description of the methodology employed to calculate the factor inputs used to produce the subject merchandise is included and addresses the following items: raw materials amounts, direct labor hours, indirect labor hours, energy, by-products or co-products, packing materials, unskilled packing labor, and skilled packing labor. Also shipping distances for all material inputs are listed. This transportation will be valued in a surrogate country. These items are reported on electronic media.

IV. REQUESTS FOR SUPPLEMENTAL INFORMATION

Requests for supplemental information should be prepared promptly and should cover all areas where the response is deficient, as well as areas where clarification or additional information is required. While we aim to send out the supplemental request for information promptly, the analyst needs to take enough time to ensure a thorough analysis of the questionnaire response.

In addition to your review, always review any comments by the petitioner for inclusion in the supplemental request. Petitioner's comments, however, are simply an aid in preparing our letter; we do not automatically accept all of these comments. If the petitioner provides additional information after the supplemental request is issued or if we find additional problems with the response, we may issue an additional supplemental request. Always check with your supervisor before preparing an additional supplemental request.

The letter should also contain requests for any required modification to electronic media based on the analyst's review of the submitted data.

Generally we try to grant respondent about 10 working days to respond to any supplemental requests for information. The deadline will depend on the time remaining before a preliminary determination and on the extent of the supplemental request. Always coordinate the due date for the supplemental data with your supervisor.

MANUAL of ADMINISTRATIVE REVIEW PROCEDURES

References:

Law No. 161 for 1998, Concerning the Protection of National Economy from the Effects of Injurious Trade Practices in International Trade

Ministerial Decree No. 549/1998 (Regulation of Law No. 161/1998)

Part I, Section 1: Definitions

Part I, Section 2: General Provisions

Part II, Section 2: Various Articles dealing with investigation procedures equally applicable to administrative reviews (ARs)

Part III, Section 1, Articles 32-37: Dumping Calculations

Part III, Section 4, Articles 45-46: Definitive Anti-dumping (AD) Duties

Part III, Section 4, Article 47: New Exporter Review

Part III, Section 5: Undertakings

Part III, Section 7, Article 55: Review of Definitive AD Duties

Part III, Section 7, Article 56: Sunset Reviews

Part VI: Final Provisions

Part VI, Article 85: Minister may accept or reject Advisory Committee recommendations

Part VI, Article 86: Non-WTO members

Part VI, Article 88: WTO Dispute Settlement Panels

Part VI, Article 89: Consultations

Part VI, Article 90: WTO Notification

Part VI, Article 91: Developing Countries

Part VI, Article 92: Circumvention

Part VI, Article 93: Simultaneous AD & Subsidy Cases

Part VI, Article 95: Right of Appeal to Administrative Court

Antidumping Agreement

Article 9-Imposition and Collection of AD Duties

Article 11-Duration and Review of AD Duties

Article 18-Application of Article VI Provisions to ARs

INTRODUCTION

The Anti-Dumping, Subsidy & Safeguard Department (the Department) of the International Trade Policies Department (ITPD) of the Foreign Trade Sector (FTS) of the Ministry of Economy and Foreign Trade (MOEFT) is responsible for a variety of functions, including: 1) AD investigations, 2) injury investigations, 3) undertakings, 4) ARs of AD measures, 5) ARs for undertakings, 6) scope clarifications, 7) and circumvention inquiries.
Although ARs begin about one year after AD measures or undertakings are published, there may be scope clarification requests, allegations of changed circumstances, etc., anytime after publication of a measure. New shippers may request expedited reviews under Article 47 of the Regulation. AR procedures and practices for AD measures and undertakings are generally the same as those used for investigations. See the chart in section IV for a description of the major differences between an investigation and an AR.

DISCLAIMER

This manual is for the internal guidance of Department personnel only, and the practices set out are subject to change without notice. This manual cannot be cited to establish Department practice.

I. ADMINISTRATIVE REVIEWS

Annual Administrative Reviews of AD Duty Measures and Undertakings

The basic purpose of an annual AR is to determine the actual amount of AD duties that Customs will assess on imports of the subject merchandise **prospectively** or to determine if an undertaking has been violated. The Department establishes new final assessment rates for subject merchandise to be entered by each of the companies reviewed; these reviews also determine if any refunds are due (if the final rate is less than the previous rate paid at time of entry). In some ARs the Department also determines whether the measure should be revoked with respect to a particular company or whether an undertaking should be terminated. See Section II for detailed information on revocations and **termination.**

The AR process begins approximately one year after publication of an AD measure or undertaking. Each AD case has an anniversary month, which corresponds to the month in which either the AD measure or undertaking was published.

At any time during the anniversary month an interested party may request an AR of companies that produced and exported or exported the subject merchandise during the period of review (POR). Once the Department receives such requests from specific firms, it initiates ARs for these companies. The Department publishes an initiation notice in the Official Gazette in which it lists the specific companies that will be subject to the AR.

If no review is requested for a particular firm, the duties that firm paid at time of entry are the final assessed duties. In non-market-economy (NME) cases, it is frequently unclear precisely which firms are separate from other firms and, thus, which companies will be covered by the final results of review. Therefore, we should also conditionally initiate on unnamed firms in NME cases. If there are no requests for reviews of undertakings, the Department can self-initiate reviews if it feels there has been a possible violation. Always consult with your supervisor if you feel that a conditional initiation for an unnamed NME company or a self-initiated review of an undertaking is warranted.

Once the Department has initiated an AR for a specific company, the analyst responsible for that review sends that company a questionnaire requesting that it report all sales to Egypt or, if the company has a very large number of sales to Egypt, a sample of sales to Egypt. The questionnaire also requests that the company report sales in the exporting country (EC) of merchandise that is comparable to that sold in Egypt. The questionnaire may request only a sample of such EC sales. If the company does not have any such sales in the EC market, the Department may ask the respondent to submit third-country sales or, if those are non-existent or unacceptable, **constructed value** information. Questionnaires for reviews of undertakings are specifically tailored to the contents of the undertakings. See your supervisor if you need to issue a non-standard questionnaire for ARs or for an undertaking.

Once the analyst receives the questionnaire response from a firm under review, the analyst reviews it and issues a supplemental questionnaire seeking clarifications and/or revisions to the questionnaire response. The petitioner, at this point or earlier, may allege that the respondent's EC or third-country sales are sold at prices below the **cost of production** (COP). Whenever we find that there are reasonable grounds to believe or suspect that sales have been made below COP, usually on the basis of a timely allegation by petitioner, the analyst issues a COP questionnaire to the respondent. The company must then submit complete COP information for its EC or third-country sales. The Department will initiate a COP inquiry at the outset of the review if it disregarded comparison-market sales below the COP in the previously completed segment of the case, be it an earlier review or the investigation.

Annual **verifications** are not statutorily required in ARs for AD measures. Verification is required if no verification was conducted in the previous two ARs, the company under review has requested revocation, or the petitioner or other domestic interested parties have shown good cause for verification. When a verification is required or when we choose to verify, the analyst issues a verification outline to assist the respondent in preparing for verification. The analyst then conducts the necessary verifications, writes verification reports, and provides

them to interested parties with a short time for comment, after which he or she analyzes the submitted data, calculates dumping margins, drafts an Essential Facts and Conclusions Report, and prepares a "Notice of Preliminary Results of Administrative Review." The Department may verify information submitted for the review of an undertaking as it sees fit. After issuing the "Preliminary Results" notice, the analyst discloses the analysis and calculations to interested parties that request disclosure, and conducts a disclosure conference, if requested by interested parties. At a disclosure conference the analyst answers any questions about how the calculations were done that interested parties may have after their review of the Essential Facts and Conclusions Report and dumping calculations. Within thirty days after publication of the "Preliminary Results" in the Official Gazette (or by the date stated in the notice), interested parties may submit written comments (case briefs), which generally are followed within five days by interested parties' written rebuttal comments (rebuttal briefs). Interested parties may request a hearing to present orally the issues that they have briefed. If requested, a hearing is usually held two days after submission of rebuttal briefs.

The analyst then reviews the comments received, drafts responses to each of them, and prepares a Final Report. This responds to the comments we received by stating our positions and indicating any changes in the dumping calculations which result from comments received. After publication of the Final Report, if requested, the analyst releases to requesting interesting parties both the Final Report and the revised dumping calculations, and he or she may again hold a disclosure conference.

Except for the Final Report disclosure conference each of the above steps must be accomplished within the year (although a review may be extended for up to six months) that the Department has to complete each AR, although, as stated above, we do not always conduct verifications. Although one full year may appear to be a great deal of time, in reality, if each of these steps is undertaken, it allows few deviations from a relatively strict timetable.

Finally, the analyst issues instructions to Customs, indicating the new final duties to be assessed on future entries, that is, those made after publication of the Final Report in the Official Gazette. For ARs of undertakings that result in negative final determinations, no further action is required. If, however, a violation is detected, consult with your supervisor on how to proceed.

Interested parties may challenge the final results of an AR. The analyst prepares the court record, which includes all the documents in the record of the AR. This court record, which is submitted to the Administrative Court, is the basis for the Court's review of the Department's final results and all arguments made by the interested parties in the course of the ensuing litigation. The Court relies on this record to determine whether the Department's determination was based on substantial evidence on the record and was otherwise in accordance with the law.

If the Administrative Court affirms the Department's determination, no further action is necessary. If, however, the Court agrees with any of the complaints filed, it may remand the Department's final results of review with specific instructions. The Department then follows these instructions in making a redetermination on remand. If the Court affirms this redetermination and no party appeals the redetermination to the Higher Administrative Court, the redetermination stands. If not, either the Administrative Court or the Higher Administrative Court may remand the final results again. If any changes in our analysis result from these remands, the analyst should prepare a "Notice of Amended Final Report" after the Administrative Court's decision or, if appealed, after the Higher Administrative Court affirms the amended results.

No Shipment Responses in Administrative Reviews

If an exporter or producer that is named in an initiation notice has no shipments (entries) during the POR, there is generally nothing to review and the company keeps its existing rate. This is clearly the case for Export Price (EP) sales where the Department reviews POR entries (or shipments if exact entry data is not available—the presumption being that there would be

entries in close proximity to most shipments) and for Constructed Export Price (CEP) transactions where the company has POR sales but no entries (shipments) into Egypt.
Upon receipt of a no-shipments claim in response to an AR **questionnaire** , the Department queries Customs to determine if its records support the claim. If Customs confirms that there are no shipments (entries), the Department may rescind an AR for that company if it concludes that there were no shipments during the POR by publishing a "Notice of Rescission (or Partial Rescission) of Antidumping Administrative Review" in the Official Gazette. That notice should specify that the company had no shipments and, accordingly, the company's rate would remain the same as from the last AR, or the investigation if this is the first AR for the measure.
Administrative Reviews for New Exporters and Producers (New Shipper Reviews)

Under Article 47 of the Regulation, new exporters and producers can receive an expedited AR if 1) they did not export the subject merchandise during the period of investigation, and 2) they are not related to any of the exporters or producers referred to during the course of the review. The Department may request guarantees (typically cash deposits of estimated AD duties) until the review is completed. These are subject to potential refund of the difference, if the final result of the review is a rate less than the amount deposited.
Time limits for preliminary and final results and extensions for new shipper ARs are as follows: 1) within 180 days from the date of initiation of the review for the preliminary results; 2) within 90 days of the date of the preliminary results for the final results; and 3) if the Department deems the review to be extraordinarily complicated, the preliminary date can be extended to 300 days and the final can be extended to 150 days (9 months, with a possible 6-month extension).
D. Changed Circumstances Administrative Reviews

In addition to an annual AR, interested parties can request a changed circumstances review of an AD measure. If requested, the Department may also review its injury determinations for AD measures and affirmative determinations resulting from continued investigations involving undertakings based on changed circumstances to determine if **revocation** of a measure or termination of an undertaking is likely to lead to continuation or recurrence of injury. The Department will determine on a case-by-case basis whether changed circumstances sufficient to warrant a review exist. The Department will only initiate a changed circumstances review if the factors underlying its initial determination have changed sufficiently to warrant such a review. The Department may revoke a measure (or terminate an undertaking) in whole or in part through a changed circumstances review.
Examples of changed circumstances sufficient to warrant a review include 1) a country becoming newly entitled to an injury determination by means of accession to the GATT, and 2) the unification of a country, *e.g.*, Germany. The most common changed circumstances sufficient to warrant a review and resulting in the revocation of a measure or part of a measure is when it is no longer of interest to domestic interested parties.
Five-Year Reviews (Sunset Reviews)

Under Article 56 of the Regulation, six months before the expiry of the five-year period from the date of the imposition of definitive duties the Investigating Authority (the Department) shall carry out a review on its own initiative or upon request by a concerned party to determine if revocation of AD measures would be likely to lead to continuation or recurrence of dumping and injury. The duty shall remain in force pending the outcome of the review. Notice of initiation of a five-year review should be published in the Official Gazette requesting willingness to participate in the review by furnishing information requested by the Department. If no response is received from an interested party, the Department will issue a final determination revoking the AD measure or undertaking to which the notice of initiation relates. If an inadequate response is received, the Department may issue a final determination revoking the AD measure or undertaking without further investigation. If the responses are

complete, the Department shall make its determination within 12 months of the date of initiation. See Article 56 of the Regulation.

F. Appraisement Instructions

The POR for an AR of an AD measure or suspended investigation can range anywhere from 12 to 17 months. Once the initial AR is finalized for an AD measure, appraisement instructions are issued to Customs covering the entries/sales made during the initial POR (from the date of Provisional Measures to the last day of the month preceding the anniversary month of the measure). Appraisement instructions are sometimes referred to as liquidation or assessment instructions or "master lists."

Appraisement instructions are the implementation of our final results for the initial AR. If the total duties for a company are found to be $10,000,000 on $100,000,000 net Egyptian value, the weighted-average margin in the Department's final results would be 10%. Appraisement instructions from the Department would give Customs the authority to collect special dumping duties and refund any cash deposits over the assessed amount.

Since the Final Report states the final assessed duties, when that report is published in the Official Gazette the Department must notify Customs immediately so that Customs can begin assessing final dumping duties on subsequent entries of the subject merchandise, produced/exported by the firms named in the Final Report, at the rates listed in that report, until completion of the next review.

If the Department does not advise Customs of the results of its AR once the AR is completed, 1) we have not implemented our final results of review; 2) importers do not receive refunds if their cash deposits of estimated AD duties were higher or the Government does not receive additional duties if they were lower; 3) importers are unable to settle their accounts with Customs; 4) the domestic industry is not sufficiently protected from the dumped imports; 5) the Department has not fully applied the AD law.

Types of Appraisement Instructions

"Master Lists"

Master lists are entry- or sale-specific instructions on how to determine the AD duty for the entries. Generally masters lists are issued only for large items that are easily identifiable, like large power transformers or mechanical transfer presses.

Percentage instructions

Percentage instructions for appraisement are based on CIF value. The percentage amount is calculated by dividing duties due by the total CIF value of the sales we analyzed, on an importer-specific basis. We ask for this information in the questionnaire we send at the outset of an AR.

Special instructions

Sometimes it is appropriate to tell Customs to collect antidumping duties due per unit (*e.g.*, $1.25/MT). Always consult with your supervisor if you think this is a more appropriate method of instructing Customs.

Preparation of Appraisement Instructions

The instructions that you send to Customs depend on the case. At a minimum Customs needs the following: 1) a description of the merchandise; 2) the producer's and exporter's name; 3) the appraisement rates (generally given on a producer- or exporter-specific basis; 4) implementation instructions, including reimbursement information.

The questionnaire should ask respondents to provide the CIF value of the sales transactions they are reporting for our reviews. Always check your response when you're preparing your supplemental questionnaire to confirm that you have received CIF value information for every transaction. If you haven't received CIF value information for every transaction, reiterate the request and, if the respondent cannot submit it, instruct the respondent to explain why it cannot. In such cases, we may have to estimate the CIF value or issue per-unit appraisement instructions. Always see your supervisor if an estimate is necessary.

You should take care to note differences between EP and CEP appraisement instructions because there are different types of importers involved.

In CEP appraisement situations, the importer is affiliated with the exporter. Therefore, you will calculate an assessment rate using this calculation:

Total Duties Due on CEP Calculations
Total CIF Value of CEP Sales During the POR
(NOTE: This requires that the questionnaire for the foreign firms include a request for the transaction-by-transaction CIF value of all shipments to Egypt by the firm. Without this information, you will be unable to perform the above calculation.)
This will yield an appraisement percentage figure (which is likely to vary from the weighted-average margin which is calculated on the basis of CEP). In this situation the appraisement instructions will say:
"For merchandise exported by ABC Ltd. and imported by its subsidiary, ABC Corp., assess an antidumping liability of XX percent of the CIF value."
In EP appraisement situations, importers are not affiliated with the exporter. In these situations appraisement instructions must be by importer. Calculate importer-specific instructions as follows:

Sort your transactions by customer code (NOTE: this also should be required in the questionnaire for foreign firms, for each shipment to Egypt by the firm) and generate the total dumping duties determined and the total CIF value for each customer to yield a percentage assessment rate. In this situation the appraisement instructions will say:

"For merchandise exported by ABC Ltd. and imported by the following importers, assess antidumping liabilities of the following percentages of the CIF value:

Importer	Percent
Alexandria Wheels	14.3
Port Said Bottles	0.0
Cairo Shoes	7.3

In certain cases sales to Egypt are made through resellers (or trading companies) and the importers are unknown. In such cases appraisement instructions would be issued on an exporter/importer-specific basis, such as:

Importer/Exporter	Percent
Alexandria Wheels	14.3
Mitsui Trading Co.	2.0

If the affiliated party in Egypt is the importer of record for both CEP and EP sales and respondent has reported that there are no other importers of its merchandise, then you will calculate an assessment rate based on all sales, both CEP and EP, and the instructions will pertain to all sales by the parent that are imported by that affiliated party. You will calculate the rate as follows:

Total Duties Due on CEP and EP Calculations
Total CIF Value of All Sales During the POR
The appraisement instructions will say:
For merchandise exported by ABC Ltd. and imported by its subsidiary, ABC Corp., assess an antidumping liability of XX percent of the CIF value.
If your case involves large items for which a master list is feasible and appropriate, you should prepare instructions with very specific information. Because you are tying an

analyzed sale to an entry, if you cannot provide specific information, a master list probably is not appropriate. Here is an example of such information:
LARGE CONSTRUCTION CRANES FROM FRANCE
ABC Electric Mfg. Co., Ltd.
June 1, 1994 through May 31, 1995

Entry Date	Port	Unit Serial #	Importer	Egypt Price	Duties
12/2/94	Alex.	12345-2	Misr Ltd.	LE123, 678	-0-
4/13/95	Alex.	12345-3	Misr Ltd.	LE112, 556	LE6,877
5/30/95	Alex.	13254-5	Giza Ltd.	LE543, 243	LE56,888

In this case you would have calculated a weighted-average margin for your final results of review for ABC Electric Mfg. Co., Ltd. as 8.2%:

Total Dumping Duties Due	LE63,765
Total Egypt Price	LE779, 477 = 8.2%

Standard language in a Final Report, such as "Individual differences between [Export Price] [Constructed Export Price] and normal value may vary from the percentage[s] listed above" is a way to alert the public that the rate in the Final Report may not be the rate we instruct Customs to use to collect the final duty amount.
Customer names and appraisement rates (**not** the Final Report rates) are confidential. Customs should not release them except to the importer.

Special Appraisement Topics
Concurrent countervailing (CVD) duty measure.

If there is also a CVD measure on your product and export subsidies are involved, you must adjust your instructions to reflect these subsidies. See Article 93 of the Regulation. If your AD appraisement rate is 10 percent and there was a concurrent CVD rate, based on export subsidies of 0.91 percent, you would instruct Customs to collect 9.09 percent of the CIF value for the AD measure. Always discuss your appraisement plans for your AD cases, where there are concurrent CVD measures, with the case analyst responsible for the CVD measure.
De minimis margins

For ARs we treat any margin that is less than 0.5 percent *ad valorem* on an importer-specific basis as *de mimimis* and we should instruct Customs to liquidate without regard to anti-dumping duties all entries of subject merchandise to that importer made by any person for which we calculate a *de minimis* rate.

II. REVOCATIONS OF AD MEASURES AND TERMINATIONS OF UNDERTAKINGS

The term "revocation" refers to the end of an AD proceeding in which an AD measure has been issued. The term "termination" means the end of an AD proceeding in which the investigation was suspended based on an undertaking. Generally, these actions cannot occur unless the Department has conducted one or more ARs.
A. Revocation or Termination Based on an Absence of Dumping
The Department may revoke an AD measure or terminate an AD undertaking if all exporters and producers covered by the action have sold the merchandise at not less than normal value (NV) for a period of at least three consecutive years and it is not likely that the exporters or producers will sell the merchandise at less than NV in the future. See Final Results of Antidumping Administrative Review and Partial Revocation of Antidumping Duty Order: Fresh Cut Flowers from Mexico, 61 FR 63825 (December 2, 1996), Final Results of

Antidumping Duty Administrative Review: Brass Sheet and Strip from Germany, 61 FR 49729 (September 23, 1996), Final Results of Antidumping Duty Administrative Review: Television Receivers from Japan, 55 FR 11420, 11422 (March 20, 1990), and Toshiba Corporation v. U.S., 15 CIT 597, 599 (1991), for U.S. examples of situations where requests for revocation were denied. If a firm was found to have dumped merchandise in a past segment and if it meets the criteria cited above, it must in addition submit a certification that it will not dump in the future and agree to immediate reinstatement in the measure if the Department concludes it has sold at less than NV subsequent to the revocation. See the U.S.'s Final Results of Antidumping Duty Administrative Review and Revocation of Antidumping Duty Order: Forged Steel Crankshafts from the United Kingdom, 62 FR 16771 (April 8, 1997).

In general, the Department will not revoke an AD measure or terminate an undertaking unless it has conducted a review of the first, third, or subsequent years in the AR review process. For purposes of revocation or termination, the Department does not have to review the "intervening" years, i.e., the second year if a three-period is being examined or the second, third, and fourth years if a five-year review is involved. However, the Department must be satisfied that during each of the years in question there were exports to Egypt in commercial quantities of the subject merchandise to which a revocation will apply.

Requests for revocations or terminations from exporters or producers may be made during the third and subsequent anniversary months of the AD measure or undertaking. These types of requests are considered by the Department to include a request for an AR and, accordingly, the Department will undertake the appropriate AR when they are received. If a request for revocation is received after the anniversary the Department generally will not consider it.

Procedural requirements for revocation and termination requests involve the following: 1) verification; 2) publication of receipt of request for revocation as part of the notice announcing the initiation of an administrative review; 3) publication of "Intent to Revoke" or "Intent to Terminate" notices as part of the notice announcing the preliminary results; 4) publication of a notice of "Revocation of Measure" or "Termination of Undertaking" as part of the final results notice if the Department's final determination is affirmative; 5) instructions to Customs in the event of a revocation. If a firm requests revocation, that request will also be considered a request for review in the qualifying year if the request does not specifically request review.

The Department may revoke for a non-producing exporter of subject merchandise. Normally this revocation will apply only with respect to subject merchandise produced or supplied by those companies that supplied the exporter during the time period that formed the basis for revocation.

Revocation or Termination Based on Changed Circumstances

The Department may revoke an AD measure or terminate an undertaking based on a changed circumstances request if it concludes that 1) producers accounting for substantially all of the production of the domestic like product have expressed a lack of interest in whole or in part for a measure or for an undertaking, or 2) other changed circumstances sufficient to warrant revocation or termination exist. In the absence of good cause, the Department may not undertake this type of review until 24 months have elapsed since the time of the measure or undertaking. Also note that the Department can revoke a measure based on changed circumstances involving its material injury determination.

C. Revocations or Terminations Based on Five-Year Reviews (Sunset Reviews)

In the case of a sunset review, the Department will revoke a measure or terminate an undertaking if: 1) it determines that these actions would not lead to a continuation or recurrence of dumping, and 2) the Department determines that material injury would not be likely to continue or recur. See Article 56 of the Regulation for more information on revocations or terminations based on five-year reviews.

III. SCOPE DETERMINATIONS

Issues often will arise involving whether or not a particular product belongs within the scope of an AD measure. These situations can involve product descriptions, merchandise completed or assembled in Egypt or other foreign countries, minor alterations, or later-developed merchandise. Most often these types of allegations will be made by importers and domestic interested parties, although the Department may self-initiate a scope investigation.

If there is sufficient information in the application for a scope ruling filed by the domestic interested party, the Department will issue a final ruling based on the application. If this is not the case, then the Department will initiate a further inquiry. If that happens, questionnaires may be sent and verification of responses may take place. Whenever the Department determines that a scope inquiry presents significant difficulty, it may issue a preliminary scope ruling. Comments and rebuttal comments can then be filed by the parties. The Department will then publish a final scope ruling. The Department will normally issue a final scope ruling in an inquiry within 120 days from the date of initiation of the inquiry for scope inquiries involving product descriptions. For scope inquiries involving products completed or assembled in Egypt or in other foreign countries, minor alterations, or later-developed merchandise, the Department will normally issue its final ruling within 300 days. Also note that various types of circumvention could result in an application for a scope ruling.

A. Scope Determinations Based on Descriptions of Products

Each AD measure covers a specified "class or kind" of merchandise (subject merchandise) produced in a specified foreign country. This "class or kind" of merchandise subject to investigation, referred to as the "scope" of the investigation, becomes the scope of the AD measure.

After an AD measure is issued the Department may be called upon to determine whether particular products fall within the scope of that measure. This usually will happen because the descriptions of the merchandise contained in the Department's determinations were written in general terms. In performing this task, the Department must analyze the request using the description of the merchandise contained in the original complaint, the initial investigation, and the Department's determination. When the preceding information is not dispositive, then the Department must further analyze the situation based on the following criteria to determine whether or not the product is within the scope of the measure: 1) the physical characteristics of the product; 2) the expectations of the ultimate purchasers; 3) the ultimate use of the product; 4) the channels of trade in which the product is sold; 5) the manner in which the product is displayed and advertised. See Diversified Products v. United States, 572 F. Supp. 883 (1983), and Kyowa Gas Chemical Industry Co., Ltd. v. United States, 582 F. Supp. 887 (1984) for more information on the aforementioned criteria.

As mentioned above, the analysis may take place without a formal inquiry if the record is dispositive of the issue. If the record is not dispositive, the Department should initiate a formal scope inquiry wherein it solicits comments from interested parties.

B. Scope Determinations Based on Circumvention Inquiries

Circumvention inquiries are designed to address actions taken by the exporter or manufacturer, subsequent to the imposition of an AD measure, which circumvent the measure, i.e., avoid AD duties. Such actions include relocation of assembly/completion operations to Egypt or some other foreign country, minor alteration of the subject merchandise, or later-developed merchandise. These actions may result in the exporter's ability to continue engaging in price discrimination without being subject to AD duties.

If the Department receives an application for a ruling containing sufficient evidence of circumvention of a measure, then an inquiry may be initiated in which the Department will solicit information regarding the specifics of the alleged circumventing actions. The Department will examine many factors in making a determination of circumvention; chief among them are the following: 1) the determination of whether the amount of value added in Egypt or third-country assembly/completion facilities is "small;" 2) whether alterations to the merchandise in form or appearance are minor; 3) whether a later-developed product fits the

five criteria cited above for scope inquiries based on the description of the merchandise. See Article 92 of the Regulation concerning circumvention.

IV. DIFFERENCES BETWEEN CONDUCTING INVESTIGATIONS AND ADMINISTERING AD MEASURES

The narrative and chart that follow describe and list many of the differences between investigations and ARs. If you have any questions concerning this section, consult with your supervisor.

A. Procedures and Analysis for Investigations and Administrative Reviews

A number of differences exist in the procedures and analysis for investigations and ARs. The most significant ones are as follow:

1. Specialized "Initiation" notices are published for ARs. "Initiation" notices list all companies that will be subject to an AR, based on requests received during the anniversary month.

For investigations the Department selects which specific firms it will investigate. For ARs, unless sampling or other limitations are in place, petitioners, importers, resellers or manufacturers of the subject merchandise may request that the Department examine specific firms.

For an AR each and every Egyptian sale made by every firm under review is examined, whereas there is considerable flexibility in determining which sales are examined in an investigation for an individual company. For an AR the Department may not review each and every sale if it decides to select a sample, but even then it cannot intentionally exclude any given group of sales from the possibility of selection as part of the sample. Also, in an investigation the Department is required to investigate all the firms which sold in Egypt during the period of investigation (POI), although there are some exceptions to this rule.

The POI for an investigation is typically 12 months (six months for a non-market-economy investigation). The POR for an AR may be 16-18 months for the first AR (because it may include the time period between the preliminary determination and the measure at the investigative stage) and 12 months for all subsequent reviews.

While the Department investigates sales within the POI, it may review both sales and entries made during the POR.

For investigations, weighted-average Egyptian prices are normally compared to weighted-average normal values (NV) for the POI. For ARs the Department compares individual Egyptian prices to NVs based on monthly weighted averages. For ARs where no sales (and thus no monthly weighted-average price) of comparable merchandise occurred in the EC market during the month of the Egyptian sale, the Department will attempt to find a monthly average price one month prior to, then two months prior to, and then three months prior to the month of the Egyptian sale. If unsuccessful, the Department will then look one month after and finally two months after the month of the Egyptian sale. This practice is commonly referred to as the 90/60-day guideline. If there are no sales in this period, NV is based on constructed value.

For ARs the Department only reviews injury when it is conducting an anti-circumvention inquiry (which is not technically an administrative review) and when it is conducting a sunset review, whereas for investigations the Department always refers its affirmative preliminary and its negative or affirmative final determination to the injury team, since the AD margin may be used in the final determination of injury.

Upon a showing of ministerial error in an <u>investigation</u>, the Department will issue a revised preliminary determination if certain conditions are met. The Department does so because the preliminary duty rates are used as cash deposit rates until it publishes its final determination. The published preliminary rates for an investigation also serve as a "cap" on the amount of actual duties that may ultimately be collected on entries between the preliminary determination and issuance of the Final Report. The cap applies even if the Department finds in its first administrative review that the margins of dumping are in fact higher. For ARs the Department will rarely issue revised preliminary results because the preliminary results have no effect on cash deposit rates or final duty rates.

If the margins of dumping found in an AR (such as a new-shipper AR) are above the rates deposited on entries subject the review, then the importer must pay duties to make up the difference between the deposit rate and the actual calculated margin. If the prior margin of dumping is higher than the actual calculated margin found in an AR, then the importer receives a refund of the difference. The only exception to this practice is the cap discussed in point 8 above.

B. Customs-Related Differences for Investigations and Administrative Reviews

Because of the nature of the AR function, the Department interacts with Customs concerning certain issues that are not addressed in the course of an investigation. These issues are due in large part to the fact that, while the Department establishes cash deposit rates during investigations, during an AR it establishes final appraisement rates for future entries and it is responsible for enforcement of AD measures and the AD law. If you have a Customs-related problem or suggestions on how to improve our interactions with Customs, consult with your supervisor.

1. As a result of an AR, the Department issues liquidation (appraisement) instructions for future imports subject to an AD measure. In an investigation the Department issues prospective liquidation instructions only in the event of an affirmative final determination of dumping and injury.
2. For ARs the Department recommends to Customs resolutions regarding Customs protests (disputes) filed by importing firms. Protests allege incorrect assessment of anti-dumping duties on entries by Customs. Customs protests are not part of the investigation process.
3. For ARs the Department advises Customs of scope changes based on interpretations of the description of the class or kind of merchandise and affirmative circumvention determinations.
4. These instructions are either for no change in rates when no review is conducted or due to withdrawal of a request for review, or future assessment based on the final results of a review.
5. Sometimes the final results of an administrative review result in revocation of the measure in whole or in part. If so, we instruct Customs to liquidate future entries without regard to anti-dumping duties.
6. Between the preliminary determination and issuance of a measure for an investigation, and until completion of a new shipper review, importers have the option of posting cash as security for each entry of the subject merchandise. Generally, after issuance of a measure and during the course of administrative reviews, importers no longer may post security, but they must instead pay final anti-dumping duties.

If in an investigation we issue a preliminary determination that dumping or countervailable subsidization has occurred, we provide Customs with a rate for use in suspending future entries of the subject merchandise. However, if we issue preliminary results of an administrative review or a new shipper review, we do not provide Customs with a rate at the preliminary since future entries are only affected by the final results of review.

C. Administrative Reviews/Investigations Analytic and Procedural Chart

This chart lists the primary analytical and administrative procedures for ARs and investigations and the procedural differences/similarities between the two functions.

Action	Investigations	ARs
1. Initiation Notice	Initiation of initial investigation	Initiation of administrative reviews
2. AD Questionnaires	Sent only to Dept.-selected firms	Sent only to firms requested for review
3. Period Investigated/ Reviewed	Usually 12 months, six months for NME investigations	16-18 months for 1st review, 12 months for succeeding reviews
4. Supplemental	Sent soon after receipt	Same

Questionnaires	of Q responses, as needed	
5. Questionnaire analysis		
-Egypt sales	Weighted-average POI	Individual
-NV	Generally 1 average for the 12-month period	Generally a monthly average
-Adjustments (movement, cir. of sale, lvl. of trade, price, difmer, etc.)	Yes	Yes
-Allegation required for initiation of below-COP test	Yes	Yes, although Dept. will Automatically initiate a COP inquiry if below-COP sales were disregarded in the last segment including the firm
6. Preliminary Determinations/Results	Yes	Yes
-Withholding of Appraisement	Yes, if affirmative	Not applicable
-Cash Deposit Requirement	Yes, if preliminary affirmative (at prelim. rates)	Not changed; previous rates remain in effect
7. Verification	After the preliminary determination	Generally before the preliminary results
8. Written Comments, Briefs, Rebuttals	Yes	Yes
9. Hearing	If requested	If requested
10. Final Determination/Review Results	Yes	Yes
11. Cash Deposit Requirement	Yes, if affirmative	For new shippers, cash only, at new rate
12. Refer case to injury team	Yes, if affirmative	Anti-circumvention inquiries only
13. Publish Decree/Measure	Yes, if Dept. finds sales at less than fair value and injury	No, already in effect
14. Litigation	If challenged in Court, prepare record	Same
15. Duty-Assessment Instructions to Customs	Yes	Yes
16. Anti-circumvention Inquiries	No	Yes
17. Changed Circumstances Reviews	No	Yes
18. Scope Rulings	Only in context of investigation	When requested—usually conducted separately from reviews
19. Revocation	No	Yes
20. Undertakings	Establish	Review
21. Advise Customs on Protests of Assessed Duties	No	Yes
22. Five-Year Revocations	No	Yes
23. Requests for Review	No	Yes

EXPORT PRICE

AND

CONSTRUCTED EXPORT PRICE

May 2000

INTRODUCTION

I. EXPORT PRICE

- **A.** Unaffiliated Purchaser in Egypt
- **B.** Unaffiliated Trading Company in the EC or Third Country – Producer Knows the Destination of the Merchandise
- **C.** Unaffiliated Trading Company in the EC or Third Country – Producer Does Not Know the Destination of the Merchandise
- **D.** Special Circumstances Involving Unaffiliated Middleman Sales
- **E.** Affiliated Trading Company Sales
- **F.** Affiliated Sales Agent in Egypt

II. CONSTRUCTED EXPORT PRICE

- **A.** The First Sale to an Unaffiliated Party Is Made After Importation
- **B.** The First Sale to an Unaffiliated Party Is Made Prior to Importation
- **C.** Consignment Sales

III. EXPORT PRICE AND CONSTRUCTED EXPORT PRICE CALCULATION METHODOLOGY

- **A.** General Principle on Adjustments
- **B.** Price Adjustments to Arrive at the Starting Price
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LIST OF ACRONYMS & ABBREVIATIONS

CEP	CONSTRUCTED EXPORT PRICE
C&F	COST AND FREIGHT
CIF	COST, INSURANCE, AND FREIGHT
CPT	COLOR PICTURE TUBES
EC	EXPORTING COUNTRY
EP	EXPORT PRICE
F.A.S.	FREE ALONGSIDE
F.O.B.	FREE ON BOARD
FTZ	FOREIGN TRADE ZONE
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
LNPP	LARGE NEWSPAPER PRINTING PRESSES
NME	NON-MARKET ECONOMY
NV	NORMAL VALUE
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW
PRC	PEOPLE'S REPUBLIC OF CHINA
ANTIDUMPING AGREEMENT	AGREEMENT ON INTERPRETATION OF ARTICLE VI OF THE GATT

INTRODUCTION

Notwithstanding the change in terminology in the Uruguay Round (the previous "purchase price" is now termed "export price" and the previous "exporter's sales price" is now termed "constructed export price"), no changes occurred in the circumstances under which EP and CEP are used. EP and CEP are the prices at which the merchandise under investigation or review is sold, or agreed to be sold, for exportation to Egypt or, in Egypt, to the first unaffiliated purchaser after certain adjustments are made to "starting prices", as called for in Articles 32 and 33 of the Regulation. Starting prices are net of any price adjustment that is reasonably attributable to the subject merchandise. These price adjustments include such things as discounts and rebates that constitute part of the net price actually paid by a customer. The use of net prices as the starting point for the computation of EP and CEP is consistent with the view that discounts, rebates, and similar price adjustments are not expenses, but instead form part of the price itself.

In determining whether we must calculate EP or CEP, we consider when the sale is made and, if appropriate, the functions performed by affiliated persons in Egypt, e.g., processing of sales documentation, repackaging, or value added to the imported merchandise.

I. EXPORT PRICE

References:

- Law No. 161 for 1998, Concerning the Protection of National Economy from the Effects of Injurious Practices in International Trade
- Regulation of Law No. 161/1998
  - Article 32 – Export Price
  - Article 33 – Constructed Export Price
- Antidumping Agreement
  - Article 2.3 – sales after importation
  - Article 2.4 – rules for fair comparisons between EP and normal value (NV)

The Department is required to calculate EP if the first sale to an unaffiliated purchaser in Egypt or to an unaffiliated purchaser for export to Egypt is made by the producer or exporter in the exporting country market prior to the date of importation. The unaffiliated person can be a purchaser in Egypt or an unaffiliated trading company located in the home market or in a third country. Normally we consider a sale to a trading company to be a sale to Egypt if the manufacturer or producer knows that the merchandise is destined for Egypt at the time the sale is made.

The following examples are representative of situations you may encounter in trying to determine if the sale to Egypt requires us to calculate an EP or a CEP. If you are confronted with a fact pattern that differs from these, see section II on CEP. If you do not find your situation covered there, consult with your supervisor immediately.

A. Unaffiliated Purchaser in Egypt

Company A in the exporting country (EC) wants to sell color television sets to Egypt. On January 15, 1996, the export sales office of company A in the EC contacts the purchasing department of an unaffiliated Egyptian retailer and negotiates a sale of 3,000 20-inch color television sets for a total price of US $750,000 and a per-unit price of US $250.00. On February 15, 1996, the two parties agree to the price and quantity and all other terms of the sale, such as payment terms, delivery date, etc. Company A agrees to deliver the merchandise to the retailer's Egyptian warehouse on March 15, 1996.

Based on the facts outlined above, we would compute an EP for this sale because: 1) the sale takes place on February 15, 1996, prior to the date the television sets are actually imported into Egypt, and 2) the foreign producer sells the merchandise directly to an unaffiliated Egyptian customer. The EP would be calculated using the $250.00 per-unit amount as the starting price (there are no discounts or rebates involved in the sale).

B. Unaffiliated Trading Company in the EC or Third Country – Producer Knows the Destination of the Merchandise

The example in Part A above is fairly straightforward. However, given the increasingly complex nature of international trade, we find more and more situations of foreign producers selling merchandise to Egypt through trading companies. For example, Company A might find it more efficient to sell its merchandise through a trading company which would handle the necessary paperwork for arranging shipment of the merchandise to Egypt, insuring the merchandise during land and ocean transit, preparing the documentation to ship the merchandise from the EC, preparing the necessary documents for Egyptian Customs purposes, etc. The trading company could be located in Company A's country or in a third country. The following example illustrates this type of transaction:

Again, Company A wants to sell the same 3,000 20-inch television sets to Egypt. For purposes of efficiency, however, Company A sells the sets to unaffiliated Trading Company B in the EC for a total of $690,000 or $230.00 per unit, less a $10.00 discount. When Company A sells the merchandise to Trading Company B, it knows that Company B will, in turn, sell the merchandise to an unaffiliated customer in Egypt. Because Company A knows that Trading Company B will sell the television sets to Egypt and because there is no indication of a sale from Company A directly to the unaffiliated Egyptian customer, we would compute EP for this Egyptian sale. The EP would be based on a starting price of $220.00 per unit (the gross price of $230.00 per unit less the $10.00 discount) from Company A to Company B, the unaffiliated trading company in the EC.

If an unaffiliated trading company is located in a third country and the fact pattern is the same, the results of the analysis would be the same, i.e., EP would be computed for the sale to Egypt and the $230.00 unit price from Company A to the third-country Trading Company C, net of the $10.00 discount, would be the starting price for the EP calculation.

C. Unaffiliated Trading Company in the EC or Third Country – Producer Does Not Know the Destination of the Merchandise

Refer to the example in section B above for the details on the prices involved in the transaction between Company A and Trading Company B. In this example, Company A does not know the ultimate destination of the television sets at the time of sale to Trading Company B. Company B sells the merchandise to an unaffiliated importer in Egypt prior to importation for a per-unit price of $250.00 less a $5.00 rebate. Because the sale is made to an unaffiliated buyer prior to import, the Department will calculate an EP. The starting price for EP is the $245.00 net-of-rebate price between Trading Company B and the unaffiliated Egyptian buyer.

If the same facts applied to a sale by Company A to an unaffiliated Trading Company C in a third country who then sold to an unaffiliated Egyptian buyer, EP would be computed for the Egyptian sale. As above, the starting price for the EP calculation would be $245.00 per unit. These types of transactions are very unusual. If you should encounter one, see your supervisor immediately.

D. Special Circumstances Involving Unaffiliated Middleman Sales

Very infrequently a manufacturer or producer may sell to an unaffiliated trading company in the EC or in a third country, and this company may resell the merchandise to Egypt at prices which do not permit recovery of its acquisition and selling costs. At the time of the sale to the trading company, the producer has knowledge of an Egyptian destination. If this is the case and the Department receives a documented allegation that the EC or third-country trading company is reselling to Egypt at prices which do not permit the recovery of its acquisition and selling costs, we will initiate a middleman dumping investigation. If we investigate and find the allegation is true, we would calculate an EP. The starting price for the EP would be the price (net of discounts and rebates) charged by the EC or third-country trading company to the first unaffiliated purchaser in Egypt. In essence, this situation ultimately ignores the Egyptian market "knowledge of destination" factor of the manufacturer. This situation is also very unusual. Consult with your supervisor immediately if you receive inquiries about a middleman dumping allegation or if you feel middleman dumping may be involved.

E. Affiliated Trading Company Sales

In situations where trading companies located in the EC or in third countries are affiliates of the producer, we use the prices from the affiliated trading companies to unaffiliated Egyptian purchasers as the basis for calculating the price to Egypt. If the sales occur prior to importation, EP is used for our comparisons.

F. Affiliated Sales Agent in Egypt

When a producer sells to Egypt through an affiliated firm in Egypt, we must consider certain details of the sales activities of the affiliated company in determining whether EP or CEP should be used as the basis for our comparison. If all of the elements are met, we would calculate EP. The elements we consider in making this determination are as follows:

1. The sales transaction occurs prior to importation;

2. The merchandise in question is shipped directly from the manufacturer to the unaffiliated buyer without being introduced into the physical inventory of the affiliated selling agent;

3. This is a customary commercial channel for sales of this merchandise between the parties involved;

4. The affiliated agent located in Egypt acts only as a processor of sales-related documentation and as a communication link with the unaffiliated Egyptian buyer.

Where all of the elements above are met, we regard the routine selling functions of the exporter as merely having been relocated geographically from the country of exportation to Egypt, where the unaffiliated sales agent performs them and we calculate EP. Whether these functions are performed in Egypt or abroad does not change the substance of the transaction or the functions themselves. The following example illustrates this type of transaction:

Company A in the EC wants to sell the same 3,000 20-inch television sets to an unaffiliated Egyptian retailer for $250.00 per unit. Because Company A has an affiliated selling agent in Egypt, i.e., Company D, it notifies the unaffiliated retailer that it will ship the television sets directly to it and Company D will handle all the required documentation. Because the television sets are not entered into Company D's Egyptian inventory and because Company D

merely acts as a processor of sales documentation, these sales would be considered EP transactions. The starting price for the calculation of EP is the $250.00 per-unit price (no discounts or rebates are involved) paid by the unaffiliated Egyptian retailer to Company A.

The Department almost always finds that a sale made prior to importation through an affiliated Egyptian company requires an EP calculation. However, the Department is increasingly scrutinizing the fourth criterion dealing with the functions of these affiliated Egyptian companies. The extent of the affiliated selling agent's normal functions, such as the administration of warranties, advertising, in-house technical assistance, and the supervision of further manufacturing, may indicate that the agent is more than the sales facilitator envisioned for EP sales (see section II on CEP for more information on this type of transaction).

CONSTRUCTED EXPORT PRICE

References:

Regulation of Law No. 161/1998
- Article 1 – Independent Buyer
- Article 33 – CEP
- Article 36 – level of trade and price adjustments

Article VI of the GATT 1994
- Article 2.4 – rules for fair comparisons between CEP and NV

CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in Egypt before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted for Egyptian selling expenses and profit. As you can see, company affiliations play a major role in identifying CEP sales. Accordingly, familiarity with the concept of "affiliated persons" is essential in order to identify CEP scenarios (see section III for information on how to compute CEP).

The following examples are representative of situations you may encounter in trying to determine if we are required to calculate CEP for Egyptian sales. If you are confronted with a fact pattern that differs from these, see section I on export price (EP). If you do not find your situation described there, consult with your supervisor.

A. The First Sale to an Unaffiliated Party Is Made After Importation

Company A in the exporting country (EC) supplies color television sets to its Egyptian affiliate Company D, and the sets are placed in Company D's physical inventory. These sets are then sold out of Company D's inventory to an unaffiliated Egyptian retailer for $260.00 per unit less a $15.00 discount. This constitutes a CEP sale. The starting price for the calculation of CEP is $245.00 (the gross price of $260.00 per unit less the $15.00 discount), the price charged by affiliated importer D to the unaffiliated Egyptian retailer. Adjustments are made to the starting price to arrive at CEP.

B. The First Sale to an Unaffiliated Party Is Made Prior to Importation

Affiliated Egyptian importer D sells some automobiles from its inventory to unaffiliated retailers in Egypt. However, on numerous occasions importer D also advises affiliated EC Company A to ship large numbers of autos, that are sold prior to importation, directly to unaffiliated retailers. Importer D also performs many functions in the Egyptian market in addition to processing the paperwork for sales for EC Company A. Among these functions

are the following: 1) installing air conditioning units and stereos in many of the vehicles at the port of entry; 2) processing all warranty claims and supplying all replacement parts; 3) procuring and placing of all Egyptian advertising; 4) training all retail customers' mechanics. Even though the autos are sold prior to importation, CEPs are calculated for these sales because of the breadth of the functions performed by the affiliated importer. Starting prices would be determined and adjustments would be made to starting prices for these types of transactions as specified above in section II, part A.

C. Consignment Sales

Company A in the EC negotiates an agreement with an unaffiliated flower consignment agent in Egypt. A consignment price of $1.00 per stem is placed on each flower for import purposes. The flowers are shipped from the EC to the consignment agent in Egypt for sale to Egyptian retailers. An unaffiliated Egyptian retailer buys 1,000 stems from the agent, and pays the $2.00 per-stem price set by the consignment agent. CEP is used for the dumping comparison for these sales by the unaffiliated consignment agent as the first sale of the merchandise to an unaffiliated purchaser (the Egyptian retailer) occurred after importation. The consignment transaction with the unaffiliated agent is not considered a sale. The starting price for CEP is the $2.00 per-stem price (no discounts or rebates are involved) from the consignment agent to the Egyptian retailer. Adjustments to the starting price are made.

III. EXPORT PRICE AND CONSTRUCTED EXPORT PRICE CALCULATION METHODOLOGY

References:

- Regulation of Law No. 161/1998
  - Article 1 – Definition of "Independent Buyer"
  - Articles 32, 33 – EP and CEP
  - Article 36 – level of trade, price adjustments
  - Article 93 – addition of countervailing duties to EP and CEP
- Article VI of the GATT 1994
  - Article 2.3 – sales after importation (CEP)
  - Article 2.4 – rules for fair comparison between EP or CEP and NV

A. General Principle on Adjustments

The party in possession of the relevant information bears the burden of demonstrating the nature and amount of a claimed adjustment.

B. Price Adjustments to Arrive at the Starting Price

Price adjustments are taken into account in order to arrive at the starting price for the calculation of EP and CEP. These price adjustments constitute part of the set price actually paid by the buyer. "Price adjustment" is a term of art which refers to adjustments made to a nominal price (such as a price in a catalog or on a price list). Discounts and rebates are examples of price adjustments. However, price adjustments may be made either upwards or downwards.

C. Adjustments to the Starting Price

The Department makes a number of adjustments to the starting price before it can be compared to normal value (NV). The interested party that possesses relevant information about an adjustment has the burden of establishing the amount and nature of the adjustment. We prefer that respondents report actual costs and not allocated costs when reporting these

adjustments. In order to allocate expenses, a respondent must establish that it is not feasible to report on a more specific basis. The respondent must also explain why its methodology does not cause distortions. The Department must also deal with the problem involving allocations that involve out-of-scope merchandise. The Department will not disallow allocations based solely on the fact that out-of-scope merchandise is included in the allocation. The following are the price adjustments the Department will consider:

1. Additions

a. Packing

If the cost of packing is not included in the price to the first unaffiliated customer in Egypt, the starting price for EP and CEP shall be increased by the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to Egypt.

Non-Market Economies: When packing costs are incurred in a NME country, we use costs in a surrogate country to value these costs. For example, to calculate the appropriate packing cost to add to the starting price for EP or CEP for a good produced in the PRC, we would determine the type and amount of packing materials used to pack the good for export to Egypt and apply an average cost for those items from a surrogate country, e.g., India.

b. Import Duties (Duty Drawback)

The starting price for EP or CEP shall be increased by the amount of any import duties imposed by the country of exportation that have been rebated, or not collected, by reason of the exportation of the subject merchandise to Egypt. This adjustment is necessary to offset the amount of exporting country import duties associated with materials used in the production of the foreign like product that is sold in the EC that are also used in the production of the subject merchandise sold to Egypt.

In determining whether or not duty drawback should be added to the starting price, we look for a reasonable link between the duties imposed and those rebated. We do not require that the imported input, e.g., steel used in the manufacture of steel wire nails, be traced directly from importation through exportation. We do require, however, that the company meet the following elements in order for this addition to be made to EP or CEP. The first element is that the import duty and rebate be directly linked to, and dependent on, one another. The second element is that the company must demonstrate that there were sufficient imports of the imported material to account for the duty drawback received for the export of the manufactured product. For example, the imported steel must be quantities that are able to be tied to the production and exportation of the wire nails, thus showing a direct link between the amount of the import duty paid and the amount rebated.

c. Countervailing Duties for Export Subsidies

An addition is required to the starting price for EP or CEP for any countervailing duties imposed on the merchandise to offset an export subsidy. Where there is an ongoing countervailing duty investigation but no

outstanding countervailing duty measure, instead of adding the countervailing duty amount for export subsidies to the EP or CEP, we adjust the estimated weighted-average dumping margin calculated for cash deposit purposes (preliminary determinations/provisional measures) to reflect the impact of these duties on the dumping margin calculation. Where actual assessment of countervailing duties are being made under an outstanding measure, the actual amount of duties would be added directly to the EP or CEP in performing the margin calculation.

If you are conducting an administrative review of an anti-dumping duty measure for a product that is also subject to a countervailing duty measure, you should contact the countervailing duty analyst to determine what, if any, export subsidies are involved and then discuss with your supervisor how to make the appropriate adjustment given your factual situation.

2. Deductions

a. Movement Charges

Article 32 of the Regulation states that the export price shall be the price paid or payable by the importer other than any part of the price that represents (i) costs, charges, and expenses incurred in preparing the goods for shipment to Egypt that are additional to those costs, charges, and expenses generally incurred on sales for home consumption; and (ii) any other costs, charges, and expenses resulting from the exportation of the goods or arising from their shipment from the country of export. These expenses include what are referred to as movement charges.

In other words, in order to arrive at the EP or CEP used in our margin calculations, we must deduct those movement charges included in the price paid by the customer. We normally consider the place of shipment to be the factory at which the merchandise was produced. Costs incurred in moving merchandise from the production line to a warehouse or loading area that is a part of the production facility are not considered movement charges; however, any off-site movement expenses are considered movement charges.

When the subject merchandise is sold by an unaffiliated reseller (i.e., a person who purchased rather than produced the subject merchandise), the adjustment may encompass movement and related expenses incurred after the goods leave the place of shipment of the reseller but not movement and related expenses from the producer to the unaffiliated reseller's premises. The purpose of this approach is to avoid deduction of expenses that are really part of the cost of acquisition of the reseller.

The following are examples of the costs, charges, expenses, or duties that are typically deducted from both EP and CEP:

- Egyptian inland freight and insurance (port to customer)
- Egyptian brokerage, handling, and port charges
- Egyptian customs duties
- International freight (ocean, air, or land) and insurance
- Foreign inland freight and insurance (production facility or a reseller's warehouse to port)
- Foreign brokerage, handling, and port charges.

In addition, we will adjust for warehousing expenses that occur after shipment under the movement charge provision.

As mentioned above, whenever possible, we calculate these charges on the basis of the actual costs incurred for each sale. However, we may use allocated movement charges when the transaction-specific cost information is unavailable. When actual movement charges are not available on a shipment-by-shipment basis, we allocate the charges on the basis on which they are incurred.

For example, freight charges would normally be incurred and, therefore, allocated on the basis of weight or volume, while insurance would usually be incurred and allocated on the basis of value.

Terms of Sale: the reported movement charges should also reflect each shipment's terms of sale. In other words, where the terms of sale require the customer to procure some or all of its own transportation, that portion of the movement expense will not be included in the price of the merchandise and there is no need for the Department to deduct it from the starting price. The common terms of sale, along with the associated charges, are indicated below:

- Ex-factory: no charges are included since this represents the price at the door
- F.O.B. (free on board): includes inland freight to the port of exportation, inland insurance, handling and loading charges
- F.A.S. (free along side): includes inland freight and insurance to the port of exportation
- C&F (cost & freight): includes inland freight and insurance to the port of exportation, handling, loading charges, foreign brokerage, and international freight
- CIF (cost, insurance, and freight): includes the charges in a C&F term, plus insurance on the international movement
- CIF, duty paid: includes all the charges in CIF plus Egyptian duty and, in some cases, brokerage
- Delivered: includes all the charges in CIF, duty paid plus Egyptian inland freight and insurance

Non-Market Economies: When movement charges are incurred in a non-market-economy country (NME), we use costs in a surrogate country to value the movement charges. For example, to calculate the appropriate foreign inland freight deduction for a good produced in the People's Republic of China, we would determine the distance from the factory to the port of exportation and then apply the average freight rate charged in a surrogate country, e.g., India. In addition, where ocean freight and insurance are supplied by state-controlled companies, these elements would also have to be valued based on data from a market-economy surrogate source.

However, if movement charges are sourced from a market-economy supplier and paid for in a market-economy currency, we use the actual cost incurred rather than a surrogate value. For example, if the NME producer used an Egyptian ocean freight company to ship its goods to Egypt and paid for the freight in Egyptian pounds, then we would use the actual expense incurred rather than a surrogate value for ocean freight.

b. Export Taxes

Export taxes included in the EP or CEP are also deducted, except for those specifically imposed to offset a countervailable subsidy received.

c. Reimbursed Anti-dumping Duties

When calculating EP or CEP for duty assessment purposes in an administrative review of an anti-dumping duty measure, if the exporter or producer reimburses the importer for anti-dumping duties or pays these duties directly on behalf of the importer, a deduction for the total amount of the reimbursement must be made from the EP or CEP. If we find evidence that the producer or exporter is paying directly or reimbursing the importer for anti-dumping or countervailing duties, we will make the deduction from EP or CEP in our margin calculation.

3. Additional Deductions From CEP

We also reduce the starting price for CEP by the amount, if any, of certain expenses. The purpose of making these additional adjustments is to "construct" a price that is equivalent to an export price from the foreign country. While we prefer the reporting of actual amounts for these expenses, allocations will be permitted, if appropriate (see the introduction to Section C for more information on the reporting of allocated expenses). These additional adjustments are as follows:

a. Expenses generally incurred by or for the account of the producer or exporter in Egypt in selling the merchandise under investigation or review are deducted from the starting price. These expenses are referred to as "CEP deductions." They include:

- Commissions paid to unaffiliated agents for selling the merchandise under investigation or review in Egypt. Where affiliated party commissions are involved, check with your supervisor.

- Expenses that result from, and bear a direct relationship to, the sale, such as credit expenses, guarantees and warranties. The normal value principles for direct expenses apply equally to CEP deductions.

- Any selling expenses that the seller pays on behalf of the purchaser ("assumed" expenses).

- Any other selling expenses not identified above. The normal value principles for direct expenses apply equally to CEP deductions.

The CEP deduction is limited to the expense of economic activity occurring in Egypt. Direct selling expenses may only be deducted to the extent they are incurred after importation. Accordingly, all Egyptian direct expenses incurred in Egypt associated with the sale to the first unaffiliated Egyptian customer would be included in this deduction, as would all indirect expenses incurred in Egypt by an Egyptian affiliate of the foreign exporter. Direct and indirect expenses incurred in the foreign market on behalf of Egyptian sales (e.g., lodging expenses paid for by the respondent for Egyptian customer's technicians taking training in the respondent's country (direct) and salaries of salesmen in the respondent's country who take orders from the Egyptian affiliate, and foreign inventory carrying costs (indirect)) do not form part of the deduction. However, if such foreign expenses are direct in nature they may be treated as a

circumstance-of-sale adjustment to NV. Always consult with your supervisor before making a decision on where economic activities occur.

As a rule of thumb, if the expense is incurred in Egypt by the affiliated importer or the exporter, it should be deducted. However, if the expense is for a foreign activity, it should not be deducted. Thus, for example, liability insurance purchased in the foreign country is only associated with economic activities in Egypt, and should only be deducted to the extent it covers the subject merchandise while it is in Egypt.

The relevant factor in determining whether an expense should be treated as part of the CEP deduction is where the economic activity associated with the expense occurs, not who pays for the expense. For example, if the home market company arranges for billboards with product-specific ads to be displayed across Egypt, this would be an expense associated with economic activity (the billboards) occurring in Egypt.

CEP deductions must be made in both market and non-market-economy cases.

b. Any increased value, including additional material and labor, resulting from a process of manufacture or assembly performed on the imported merchandise after importation and before its sale to the first unaffiliated customer. This adjustment is sometimes referred to as "further manufacturing." Previously this deduction included an allocated amount for profit. However, the "further manufacturing profit" is now subsumed in the general profit deduction discussed below.

There is a special rule for analysis of imports that have substantial value added to them after importation. Specifically, the Department will use an alternative method for determining the amount of dumping in situations where the subject merchandise is imported by an affiliated party and the value added in Egypt is likely to substantially exceed the value of the subject merchandise. In order for the special rule to apply, the value added must be at least 65 percent of the price charged to the first unaffiliated purchaser. The 65-percent value-added test is applied collectively to all of the subject merchandise that undergoes a further manufacturing process. The test is not applied to individual subject merchandise products within the value-added pool. In order to use an alternative method, the Department must also determine that there is a sufficient quantity of sales to provide a basis of comparison and that the use of such sales is appropriate. In a U.S. review where this issue arose, the U.S. Department of Commerce substituted other CEP sales made by the producer that required no value-added process as an alternative approach for calculating the CEP for these value-added transactions (see Preliminary Results of Administrative Review of Antidumping Duty Order; Gray Portland Cement and Clinker from Mexico, 61 FR 51676 (October 3, 1996)).

c. The profit allocated to the expenses described above (i.e., CEP deductions and further manufacturing costs) also is deducted from the starting price.

In a market-economy case, CEP profit is calculated by first deriving the ratio of per-unit Egyptian expenses to the respondent's total expenses and they multiplying this ratio by the total actual profit earned by the respondent.

For example, assume the following:

Total Egyptian expenses (per unit)=$0.45
Total expenses=$8,200,000
Total profit=$800,000

In this case, CEP profit would equal $0.0439 per unit, calculated using the following formula:

CEP profit=(.45/8,200,000)x800,000=$0439

In order to derive the expenses and profit used in the above scenario, you must know the total revenues, costs, selling expenses, and packing expenses for both the exporting and Egyptian markets.

For example:

Egyptian market sales revenue	$6,250,000
Exporting market sales revenue	2,750,000
Total revenue	$9,000,000
Cost of Egyptian merchandise	$4,750,000
Cost of exporting market merchandise	1,900,000
Egyptian selling expenses	1,000,000
Exporting market selling expenses	250,000
Egyptian movement/packing costs	50,000
Exporting market movement/packing costs	250,000
Total expenses for CEP	$8,200,000
Total profit for CEP	$800,000

In an NME case the calculation is much simpler. CEP profit is calculated by multiplying the per-unit CEP deductions by the surrogate profit rate used in the normal value calculations. For example, if total CEP deductions were o.45 and the surrogate profit percentage were 10 percent, then the deduction for CEP profit would be $0.045 (or $0.45 x .10).

D. Sample Calculations for EP and CEP

1. EP

Company A in the exporting country sells color television sets to an unaffiliated Egyptian retailer on a delivered basis. The currency exchange rate is Y150 to US$1 or Y1=$0.0067.

Gross selling price (per set)		$250.00
-HM inland freight (Y50 x 0.0067)	.34	
-HM inland insurance (Y10 x 0.0067)	.07	
-HM brokerage & handling (Y75 x 0.0067)	.50	
-ocean freight	1.00	
-marine insurance	.75	
-Egyptian duty	12.50	

-Egyptian brokerage & handling	.75	
-Egyptian inland freight	1.50	
EP =		$232.59

2. CEP

Company A ships televisions to its Egyptian affiliate, Company C, which places them in its inventory for future sale. Company C then sells the sets to an unaffiliated retailer from its inventory at a later date.

Gross selling price (per set)		$250.00
-movement expenses (see EP example)	17.41	
-credit expense[1]	2.80	
-warranty expense	4.00	
-assumed advertising expense	3.50	
-indirect selling expense incurred in Egypt[2]	31.25	
-inventory carrying expense incurred in Egypt	3.00	
-CEP profit	5.00	
CEP =		$183.04

IV. DATE OF SALE

Establishing the proper date of sale, among other things, allows you to determine which sales will be included in the POI or POR and, therefore, is of critical importance in your analysis.

V. COLLAPSING AFFILIATED PARTIES

The Department calculates separate rates for each manufacturer or producer examined. Collapsing companies and calculating a single margin requires more than simple affiliation. When the Department determines that two companies are sufficiently affiliated for purposes of an analysis for an investigation or review, it may calculate a single weighted-average margin for those companies. The Department treats affiliated producers as a single entity where 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 where there is a significant potential for the manipulation of price or production, as evidenced by common ownership, interlocking boards of directors or shared management, or intertwined operations.

[1] In cases where some of the sales reported to Egypt have not yet been shipped or paid for, calculated an average number of days for credit based on the reported data for sales that have been shipped and paid for, and apply the calculated average to these sales. Note that in cases where the customer paid for the sales prior to shipment, use the same formula and add the amount for credit income to the price. Also use supplemental response and verification dates to make this computation. Consult with your supervisor for the appropriate methodology for the circumstance of your case.

[2] Includes all selling and general and administrative expenses for Company C, the affiliated importer (i.e., those expenses not directly related to a particular sale) incurred in Egypt as well as indirect expenses of affiliated Company A in the EC that are associated with economic activity occurring in Egypt.

- In an American case (Pasta from Italy, 61 FR 30326 (June 14, 1996)), the administrative record established a close, intertwined relationship between two companies. Verification of both companies confirmed the reported information concerning ownership, boards of directors, transactions, and production processes. Such information demonstrated that these affiliated producers had similar production processes and exhibited a significant potential for price manipulation as evidenced by interlocking boards of directors and shared transactions.

- In another American case (Final Results of Administrative Review: Gray Portland Cement and Clinker from Mexico, 62 FR 17154 (April 9, 1997)), two manufacturing companies were collapsed based on percentage of ownership, control by common members on boards of directors, and close intertwined business relationships.

Consult with your supervisor in cases involving the possible collapsing of two or more companies or if you are unsure whether an importer and exporter are affiliated.

VI. SUBSTANTIAL TRANSFORMATION OF A PRODUCT IN A THIRD COUNTRY

References: None

Given the nature of international trade, it is not uncommon for merchandise to originate in one country and pass through one or more additional countries before being imported into Egypt. Our investigations and reviews concern the imports of specific products from specific countries. Consequently, the question may arise whether a product exported from a third country to Egypt is covered in your case.

In determining the answer to the question of product coverage, we must consider whether or not the product is substantially transformed in the third country by a further manufacturing process. Outside of a case where circumvention of an anti-dumping duty measure is involved, the product would not be subject to the investigation or review if it is substantially transformed in the third country because it would then become a product of that country. Our determination of "substantial transformation" does not necessarily parallel the Customs definition.

Two key tests are used in determining the appropriate country of origin for the purpose of anti-dumping proceedings. These tests are: 1) does the product enter the commerce of the third country; 2) is the product substantially transformed in the third country? A "no" to both of these questions indicates the product merely passes through the third country and enters Egypt unchanged from its export condition from the originating country. Given these circumstances, the product is considered a product of the originating country, and its sale would be included in an investigation or review involving the originating country.

The following cases illustrate substantial transformation analysis:

- In Final Determination of Sales at Less Than Fair Value: Color Picture Tubes from Japan, 53 FR 44171 (November 18, 1987), color picture tubes (CPTs) contained in kits were shipped from Japan to the U.S. through Mexico. These CPTs did not enter the commerce of Mexico, were not removed from the original container until their arrival in the U.S., and did not undergo further manufacture or assembly in Mexico. Furthermore, it was clear that the Japanese manufacturer knew at the time of exportation that the CPTs would ultimately be exported to the U.S. Therefore, the

U.S. Commerce Department (DOC) determined that these CPTs were covered in the investigation.

- In Final Determination of Sales at Less Than Fair Value: 3.5" Microdisks and Coated Media Thereof from Japan, 54 FR 6433 (February 10, 1989), the DOC found that microdisks were shipped from Japan to Canada prior to importation into the U.S. While in Canada, finishing processes were conducted on the microdisks. Based on the facts on the record, the DOC found that the finishing process was so significant and sophisticated that it resulted in a substantial transformation of the product. As such, the DOC considered these finished microdisks to be products of Canada, and thus not covered in the investigation of microdisks from Japan.

EP or CEP for merchandise that is not substantially transformed in a third country is computed pursuant to sections I, II, and III. Always consult with your supervisor if your investigation or review involves claims of substantially transformed merchandise.

VII. THE USE OF WEIGHTED-AVERAGE PRICE AND INDIVIDUAL SALE PRICE COMPARISONS TO DETERMINE DUMPING MARGINS

References:

Regulation of Law No. 161/1998 Concerning The Protection of National Economy From Injurious Effects of Unfair Practices in International Trade
Article 36

The Anti-dumping Agreement
Article 2.4.2 – comparisons of weighted-average prices and the use of individual export transactions

The Department measures dumping margins in investigations, in most instances, on the basis of a comparison of a weighted-average of NVs for an identical or most similar like product with a weighted-average of EPs or CEPs for each different type of the subject merchandise. These weighted-average prices are usually calculated for the entire period of investigation (POI).

Because the normal method of comparison in an investigation is weighted-average EP or CEP to weighted-average NV, the boundaries of the averaging groups are extremely important. We do not simply calculate one weighted-average price for all products within the scope of the investigation to determine EP, CEP, or NV. While easy to do a comparison of such averages, it would be meaningless. The items within the averaging groups should share as many common characteristics as feasible. For example, we nearly always calculate model-specific weighted-average prices. We also compute different averages for the same product if different levels of trade are involved. Furthermore, although the normal period for averaging is the entire POI in an investigation, we do construct averages over a shorter time span if the prices appear to vary over time. Calculation of these "narrower" weighted-average prices yields more accurate results than broad averages which mix sales with different characteristics which affect prices (see the U.S. case on Pasta from Italy (referred to above) for an example of model-specific and level-of-trade weighted averaging, and the U.S. case Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan, 61 FR 14068 (March 29, 1996) for an example of using periods that are shorter than the total POI for computing weighted-average prices in an investigation). The method for calculating dumping margins for most administrative reviews is individual Egyptian sale prices are compared to weighted-average monthly prices that are limited to a period not exceeding the calendar month that corresponds most closely to the calendar month of the individual export sale.

Under certain circumstances the Department may calculate dumping margins by comparing the NV of individual transactions to the EP or CEP of individual transactions for comparable merchandise. This type of transaction-by-transaction comparison is appropriate in those situations where there are very few sales and the merchandise sold in each market is either identical or very similar, or is made-to-order. This methodology should be used sparingly.

There is an exception to the use of weighted-average EPs or CEPs in investigations. This exception involves "targeted dumping." Weighted-averages could conceal an exporter's practice of selling at especially low dumped prices to particular customers or regions while selling at higher prices to other customers or regions.

The Department may determine whether the subject merchandise is being sold in Egypt at less than fair value by comparing the weighted-average of the normal values to the EPs or CEPs of individual transactions for comparable merchandise, if (1) there is a pattern of EPs or CEPs for comparable merchandise that differ significantly among purchasers, regions, or periods of time, and (2) the Department explains why such differences cannot be taken into account using the normal method of calculating NVs, EPs, and CEPs.

Rather than a prescribed method for analyzing databases to determine whether targeted dumping is evident, the Department has the discretion to determine the appropriate method of analysis. The Department will not normally consider targeted dumping unless it receives a sufficient allegation that such targeting is taking place and that the average-to-average or, when appropriate, transaction-to-transaction methods cannot adequately deal with the targeted dumping. The Department will normally limit the application of the average-to-transaction method in investigations to those sales that constitute targeted dumping.

- In Pasta from Italy the DOC rejected the petitioners' allegation of targeted dumping on the following grounds:

The petitioners' allegation was the result of their having selected groups of customers on the basis of relatively higher or lower prices. After the groups had been selected, petitioners ran statistical procedures to establish that the prices of certain groups were lower than those of other groups. These results, however, were predetermined by the initial composition of the different groups. Moreover, by not supplying any relevant source of comparison benchmark prices, petitioners failed to demonstrate that the price differences were "significant," as required by the U.S. law.

Even if the petitioners had shown targeting, in order for the targeted dumping provision to be applied, U.S. law requires that it be explained why the price differences cannot be taken into account by comparing the weighted-average normal values to the weighted-average U.S. prices. The petitioners' allegation failed to make this demonstration.

The DOC indicated that it would not find a sufficient basis for invoking the targeted dumping provision upon a mere showing that groups of higher and lower prices are present in the reported U.S. sales.

See your supervisor if your investigation or review involves an allegation of targeted dumping.

VIII. SAMPLING TECHNIQUES AND SIMPLIFICATION OF SALES REPORTING

References:

Regulation of Law No. 161/1998

Article 24 –sampling
Article 37 – sampling
Anti-dumping Agreement
Article 6.10 – individual margins for exporters and producers; sampling

A. Sampling Techniques for Producers/Exporters

Generally the Department will determine the individual weighted-average dumping margin for each known exporter and producer of the subject merchandise being investigated. (In a review we receive exporter-specific requests for review.) Exceptions to this requirement specify that where a large number of exporters or producers are involved in an investigation or review, the Department may limit its examination to either –

> (A) A sample of exporters, producers, or types of products that is statistically valid based on the information available to the Department at the time of selection, or
>
> (B) Exporters and producers accounting for the largest volume of the subject merchandise from the exporting country that reasonably can be examined.

The Department will conduct investigations and reviews in this manner when they are so large that administrative resource constraints limit the number of exporters that can be investigated or reviewed. The number of companies selected will be based on the number that the Department can reasonably examine, given the administrative resources available to it at the time it needs to select the respondents.

In such investigations and reviews in the U.S., the DOC typically has relied upon the exception in (B). For example, in the U.S. investigation involving pasta from Italy and Turkey (1995), the petitions listed 73 Italian and 15 Turkish companies as possible producers or exporters of pasta to the United States. The DOC determined that the largest number of companies from both countries that could be handled by the staff available was ten. U.S. 1996 investigations of bicycles from the PRC and of tomatoes from Mexico also presented situations that required limiting the examination to less than 100 percent of all exporters and producers. The DOC relied upon (B) in these cases as well.

In situations where the Department has sufficiently detailed information about the universe of foreign producers and exporters to select "representative samples," the Department may choose to rely upon (A). For example, during the second administrative review of the U.S. case on certain fresh-cut flowers from Colombia, the DOC employed a sampling technique for dealing with the hundreds of Colombian flower growers. In that review the DOC selected samples from "large/medium" and "small" firms, based on their volume of exports. Also, in the U.S. 1990 investigation of fresh and chilled salmon from Norway, the DOC considered, among other things, the geographical location of the fish farms in identifying an appropriate sample of respondents.

In practice, the two methods of selecting respondents—selecting the largest exporters and selecting a representative sample—generally differ in how we select the respondents but not in the number of respondents selected. Using either method, administrative resource constraints dictate the maximum number of exporters the Department can investigate or review.

If your investigation or review involves a situation that requires sampling techniques, you should always consult with your supervisor. In most instances, comments should be

requested from the parties on the appropriate methodology to be used in the respondent-selection process.

B. Simplification of Sales Reporting

Large cases may involve enormous quantities of transactions. In the U.S. 1988 investigations of antifriction bearings, one respondent reported that it produced over 30,000 different regular products and thousands more custom-made products. Other respondents reported that they would each have to report over 500,000 transactions. To simplify the investigations, the DOC told respondents that if at least 33 percent by volume of their U.S. sales could be compared to home market sales of identical products, then the fair value comparisons would be limited to identical product comparisons. If a respondent company failed to reach the 33-percent requirement with identical matches, the DOC would compare the largest volume products sold in the U.S. to similar products sold in the home market until the 33-percent threshold was met.

In the U.S. 1992 investigation of carbon steel flat products from France, the respondent requested that it be permitted to limit its reporting of sales to related U.S. steel service centers to the one U.S. plant with a computer system in place capable of tracing sales back to the imported steel. Instead, the DOC permitted the respondent to report only one out of every twenty invoices for the U.S. plants without the computer facilities.

In the U.S. administrative reviews of antifriction bearings from France, et al., which have been conducted since 1990, the DOC allowed respondents with over 2,000 U.S. sales transactions for the POR to report one week's sales for each two-month period of the POR. The DOC selected the weeks.

During the investigation phase of an anti-dumping proceeding, the Department, upon receipt of acceptable written justification, will sometimes disregard Egyptian sales of products if the volumes of those sales are insignificant. These situations will usually involve the following: 1) CEP or Egyptian value-added transactions which require the collection of substantial amounts of information and the addition of an Egyptian verification site to the investigation; 2) Egyptian transactions where there are no like products sold in the home market which would necessitate the collection of detailed constructed value information to calculate NV; or 3) sales involving small quantities. For administrative reviews the Department calculates margins for all sales.

Always consult your supervisor if you think your investigation or review may require the application of sampling techniques. Also, consult with your supervisor if a request is made for the simplification of sales reporting requirements for an investigation.

IX. SUBCONTRACTOR SALES (TOLLING)

References: None

A subcontractor or toller is not a manufacturer or producer unless the subcontractor or toller acquires ownership and controls the relevant sale of the subject merchandise. Very infrequently the analyst may encounter Egyptian transactions where a subcontractor or toller receives a raw material from a seller and performs a manufacturing process on this material. For example, in a case involving pipe products, Company A, a producer of steel sheet in the exporting country (EC), supplies steel sheet to Company B, an unaffiliated toller for conversion into steel pipe. Company A retains title to the steel sheet while Company B is making the pipe. After paying a conversion fee, Company A has Company B export the pipes to Company C, Company A's affiliated Egyptian importer. Because Company A retained

title to the steel during the conversion process, Company B cannot be considered the manufacturer or producer of the subject pipe products. In this scenario, if Company C sells the pipe to an unaffiliated Egyptian purchaser D after importation, the sale price of the pipe from Company C to Company D would be the starting price for a CEP calculation. In the U.S. case Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan, 61 FR 14070 (March 29, 1996), the DOC determined it was not necessary to analyze tolled sales. However, it was noted that the party contracting for the tolling (not the toller) would be considered the manufacturer/exporter of the merchandise if a dumping analysis was performed. If you encounter a situation in an investigation or review that involves subcontractors or tollers, see your supervisor.

X. FOREIGN TRADE ZONES/FREE TRADE ZONE

In some investigations or reviews merchandise being investigated may enter through a foreign trade zone/free trade zone (FTZ). FTZs are restricted-access sites in or near ports of entry operated under the supervision of Customs. Merchandise may be moved into FTZs for operations not otherwise prohibited by law involving storage, exhibition, assembly, manufacture, or other processing.

Merchandise subject to an anti-dumping duty measure will be subject to anti-dumping duties upon entry into the customs territory of Egypt, even if transformed in the FTZ into goods not subject to the measure. Merchandise admitted into an FTZ that is subject to an anti-dumping duty measure but which is re-exported, and never enters the commerce of Egypt, is not assessed duties.

In certain cases merchandise is further manufactured in the FTZ or warehoused there and then sold in Egypt; at other times the merchandise has been sold prior to admission into the FTZ. For merchandise sold after admission into a FTZ, we would use CEP as the Egyptian basis for our calculation. For merchandise sold before admission into a FTZ, we would use EP. If the merchandise is re-exported from the FTZ to another country, the measure does not apply.

A. EP and FTZs

Company A in the exporting country sells 3,000 television sets at $240.00 per unit to Company D, an unaffiliated distributor in Egypt. The television sets are shipped directly to Company D, but enter Egypt through the FTZ at Alexandria, where they are warehoused before delivery. Because these TV sets were sold prior to importation into the Alexandria FTZ, this is an EP comparison. We would use the $240.00 price charged to Company D as the starting price for an EP calculation.

B. CEP and FTZs

Company A ships 3,000 television sets to Company C, its wholly-owned subsidiary in Egypt. Company C is located in the Alexandria FTZ. The TV sets enter the FTZ on July 1 and are then re-packed for shipment to customers in Egypt. On August 1 these TV sets are sold at $250.00 per unit by Company C to Company D, an unaffiliated distributor in Egypt, and are shipped out the following day. Because these TV sets were sold after importation into Egypt, CEP is used for our comparison. We would use the $250.00 price charged to Company D as the starting price for a CEP calculation.

Consult your supervisor if FTZ sales are part of your investigation or review.

QUESTIONNAIRE I

Ministry of Economy and Foreign Trade Department of Anti-Dumping, Subsidies, & Safeguards International Trade Policies Department

Name of foreign firm & address

Gentlemen:

As you are aware, on May 21, 2000, published in the Official Gazette, we initiated an anti-dumping investigation to determine whether imports into Egypt of billets from [Russian Federation] [Ukraine] are being sold at dumped prices.

In past cases the Department has treated [Russian Federation] [Ukraine] as a nonmarket economy (NME) country. Any determination that a foreign country is an NME shall remain in effect until revoked. If in this investigation we determine that [Russian Federation] [Ukraine] is an NME country and normal value cannot be calculated, we will compute normal value by valuing the [Russian Federation] [Ukraine] producers' factors of production in a market-economy country. Specifically, the factors of production will be valued in one or more market economy countries ("surrogates") that are at a level of economic development comparable to [Russian Federation] [Ukraine] and are significant producers of comparable merchandise.

General instructions for responding to Questionnaire I follow immediately after the table of contents. We have divided the questionnaire itself into four sections, A, C, D, and E, and attached a product description and a glossary of terms in Appendices I and II.

All parties are requested to respond to section A (General Information), all exporters are required to respond to section C (Sales to Egypt), and all manufacturers are required to respond to section D (Factors of Production).

Companies are not currently required to respond to section E (Cost of Further Manufacture or Assembly Performed in Egypt). However, we may request a response to this section if we determine, based on the responses to section A, that we require the information requested to account for further processing expenses incurred in Egypt.

The Department presumes that a single anti-dumping margin is appropriate for all exporters in an NME country. The Department, however, may consider requests for separate rates from individual exporters. The appropriate questions are contained in section A of Questionnaire I. (Please note that there are specific questions for both the government and the individual companies to answer in order for the Department to fully consider a request for separate rates.)

The Department, if requested, may consider whether the steel industry in [Russian Federation] [Ukraine] is a market-oriented industry (MOI). Exporters that can provide evidence that the billet industry in [Russian Federation] [Ukraine] is market-oriented should contact the official in charge, listed on the cover page of the questionnaire, immediately.

In case the Department should decide to treat your country as a free-market economy in this investigation, we also require complete responses to Questionnaires II

(manufacturers) and III (exporters). Thus, manufacturers are required to respond to Questionnaires I and II; exporters are required to respond to Questionnaire III. Manufacturers who are also exporters are required to respond to all three questionnaires.

In order to determine in this investigation whether to treat your country as a market economy or a nonmarket economy, we require a complete response, with supporting documentation (such as laws, regulations, decrees, written agreements, sample labor contracts, etc.), to the following (also listed in Appendix I-4):

(1) To what extent is your currency convertible?

(2) To what extent are wage rates determined by free bargaining between labor and management?

(3) To what extent are joint ventures or foreign investment permitted?

(4) To what extent does the government (national, provincial, local) own or control the means of production?

(5) To what extent is there government control over allocation of resources and over the price and output decisions of enterprises?

(6) Identify any other factors that you believe the Department should consider in making this determination.

Your response to these questions is required no later than 15 days from receipt of this request. A response to all other portions of these questionnaires is due no later than 37 days from receipt of this request.

Please refer to the cover page and general instructions of the enclosed questionnaires for the time period covered by this investigation, the due dates for responding to the questionnaires, and the instructions for filing the responses. If you have any questions about those or any other matters, please contact the official in charge.

If you are unable to respond to these questionnaires within the specified time limits or are unable to provide the information in the form required, please contact the official in charge. We will attempt to accommodate any difficulties that you encounter in answering these questionnaires. However, that accommodation cannot conflict with our obligation to conduct the investigation within the timeliness and informational requirements of Egyptian law.

Sincerely,

Abd-el Rahman Fawzy
Undersecretary
Department of Anti-dumping,
Subsidies, & Safeguards

QUESTIONNAIRE I

MINISTRY OF ECONOMY AND FOREIGN TRADE
DEPARTMENT OF ANTI-DUMPING, SUBSIDIES, & SAFEGUARDS
INTERNATIONAL TRADE POLICIES DEPARTMENT

REQUEST FOR INFORMATION

[INSERT COMPANY NAME]

[RUSSIAN FEDERATION] [UKRAINE]

SEMI-FINISHED PRODUCTS OF IRON
OR NON-ALLOY STEEL (BILLETS)

PERIOD OF INVESTIGATION: January 1 – December 31, 1999

RESPONSE DUE DATE: NME Questions (cover letter): 15 days from receipt
Sections A, C, D, E: 37 days from receipt

OFFICIAL IN CHARGE: [INSERT NAME, PHONE NO.]

FAX: [INSERT]

Return Questionnaire Responses to:

[INSERT DEPT. AND ADDRESS]

CONTENTS

General Instructions

Section A Organization, Accounting Practices, Markets, and Merchandise

Section B Not Applicable

Section C Sales to Egypt

Section D Factors of Production

Section E Cost of Further Manufacturing Performed in Egypt

Appendix I Glossary of Terms

Appendix II Description of Products Under Investigation

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GENERAL INSTRUCTIONS

This nonmarket economy questionnaire requests information for the International Trade Policies Department ("the Department") to determine whether your company dumped the subject merchandise in Egypt. Dumping is the sale of merchandise to Egypt at prices below the normal value of the merchandise. If you have questions, we urge you to consult with the official in charge named on the cover page. If for any reason you do not believe that you can complete the response to the questionnaire by the date specified on the cover page of this questionnaire, or in the form requested, you should contact the official in charge immediately.

Your response to the questionnaire should include all of the information requested. It is essential and in your interest that the Department receive complete information early in the proceeding to ensure a thorough and accurate analysis and to provide all parties the fullest opportunity to review and comment on your submission and the Department's analysis. We appreciate your cooperation in this investigation.

This investigation will be conducted on a schedule dictated by law and regulation. If you fail to provide accurately the information requested within the time provided, the Department may be required to base its findings on the facts available. If you fail to cooperate with the Department by not acting to the best of your ability to comply with a request for information, the Department may use information that is adverse to your interest in conducting its analysis.

This questionnaire consists of the following sections:

Section A requests information about your organization and accounting practices, and general information regarding sales of the merchandise under investigation.

Section B Not Applicable.

Section C requests information about the Egyptian market, including a sales list and other data necessary to calculate the price in or to the Egyptian market.

Section D requests information about the factors of production of the merchandise sold in or to Egypt.

Section E requests information about further processing in Egypt prior to delivery to unaffiliated Egyptian customers.

Please comply with the following general instructions for filing and preparing your response to this questionnaire.

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I. Instructions for Filing the Response

1. File your response in Cairo, Egypt at the address listed on the cover page of this questionnaire.

2. Proprietary versions of the response should be submitted on the day specified on the cover page of the questionnaire. The public version of the response may be filed one business day after the proprietary version.

3. File the original and one copy of the proprietary version. Only one copy of sample printouts and electronic media containing sales files and cost files need be submitted.

4. File the original and one copy of the public version of your narrative response and attachments, including sample printouts.

5. Request proprietary treatment for information that you do not wish to be made publicly available. As a general rule, the Department places all correspondence and submissions received in the course of an anti-dumping proceeding in a public reading file. However, information deemed to be proprietary information will not be made available to the public. If you wish to make a request for proprietary treatment for particular information, submit the request for proprietary treatment no later than one business day following the submission of the proprietary version of the questionnaire response accompanied by:

   (1) a non-proprietary (public) version of your response that is in sufficient detail to permit a reasonable understanding of the information submitted in confidence, and/or

(2) an itemization of particular information that you believe you are unable to summarize, accompanied by a statement of the reasons you believe that to be true.

6. Place brackets ("[]") around information for which you request business proprietary treatment.

II. Instructions for Preparing the Response

1. Prepare your response in typed form and in English. Include an original and translated version of all pertinent portions of non-English language documents that accompany the response. If this is impractical for certain of the documents, please contact the official in charge.

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2. Repeat the question to which you are responding in your narrative submission and place your answer directly below it.

3. Include all worksheets, financial reports, and other requested documents, as appendices to your response.

4. Identify any source documents maintained in the normal course of business you have relied on in preparing your response, and specify the locations where such documents are maintained. Please include this information in an Appendix to your response. This information is used by the Department to prepare for verification.

5. Provide a table of contents and a table of attachments. Assign a number to each attachment and include a descriptive name for each attachment and its number in the table.

A – 1

SECTION A

Organization, Accounting Practices, Markets, and Merchandise

1. Quantity and Value of Sales

a. State the total quantity and value of the merchandise under investigation that you sold during the period of investigation ("POI") in Egypt. A chart for reporting the sales quantity and value can be

found at the end of this section. Complete a chart for all subject merchandise produced and sold by your company.

b. Exclude your Egyptian sales to affiliated resellers. Report instead the resales to the first unaffiliated customer.

c. If you export merchandise for entry into a foreign trade zone ("FTZ") or into a bonded warehouse in Egypt, this may affect the way we treat these sales. Please contact the official in charge to discuss the reporting requirements.

The Department presumes that a single weighted-average dumping margin is appropriate for all exporters in an NME country. The Department may, however, consider requests for separate rates from individual exporters. Individual exporters requesting a separate rate must respond to the following questions in order for the Department to consider fully the issue of separate rates.

2. Separate Rates

This section requests economic, industry, and company-specific information. All companies requesting a separate rate must respond to the following questions.

a. Please describe and explain:

(i) Who owns your company;

(ii) Who controls your company;

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(iii) Your company's relationship with the national, provincial, and local governments, including ministries or offices of those governments;

(iv) Your company's relationship with other producers or exporters of the subject merchandise. Do you share any managers or owners?

b. Does the entity that owns or controls your company also own or control other exporters of the subject merchandise?

c. If your company is owned or controlled by a provincial or local government, please identify other producers/exporters of the subject merchandise in your province or locality.

d. Provide any legislative enactments or other formal measures by the government that centralize or decentralize control of the export activities of your company. Provide English translations of each document.

e. Provide copies of any business licenses held by your company and English translations of those licenses.

(i) What governmental agency or office is responsible for issuing the licenses?

(ii) Describe the purpose of the licenses.

(iii) Do the licenses impose any limitations on the operations of your company? Do the licenses create any entitlements for your company? Describe and explain these limitations and entitlements.

(iv) Under what circumstances could the licenses be revoked, and by whom?

(v) Will these licenses need to be renewed? What actions must your company take to obtain renewal?

f. Describe any controls on exports of the subject merchandise to Egypt.

(i) Does the subject merchandise appear on any government list regarding export provisions or export licensing? If so, why was the product included in that list?

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(ii) Do export quotas apply to the subject merchandise? If so, describe the process by which your company received its quota. Does the quota allocation process involve any government participation in the setting of export prices? Explain the quota allocation process. Are export licenses required for exports of the subject merchandise to Egypt? If so, explain the licensing process and describe how your company obtained its export license(s). Does the export licensing process involve any government participation in the setting of export prices?

g. Describe how your company sets the prices of the merchandise it exports to Egypt. Does your company negotiate prices directly with your customers? Are these prices subject to review by or guidance from any governmental organization? Provide evidence of any price negotiations.

h. Does your company coordinate with other exporters in setting prices or in determining which companies will sell to which markets? What role does the Chamber of Commerce play in coordinating the export activities of your company?

i. Describe how your company negotiates sales to Egypt of the subject merchandise. Who in your company has the authority to contractually bind the company to sell merchandise? Does any organization outside your company review or approve any aspect of the sales transaction (*e.g.*, the price, the product to be sold, the customer)? If so, identify the organization and explain the organization's role.

j. Is your company, or any manager of your company, expected to achieve foreign exchange targets set by any governmental authority? If so, how are these targets determined?

k. Describe how the management of your company is selected. If your company is required to notify any governmental authorities of who the managers are, please explain which authorities are notified and the purpose of the notification.

l. Please identify the people who currently manage your company and explain how they were selected for these positions. Also identify the position that each held prior to assuming their current management role in your company.

m. Are there any restrictions on the use of your company's export revenues? If so, explain when export earnings are deposited into a bank account:

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(i) In whose name(s) is the account held?

(ii) Who has control of the account?

(iii) Who has access to the account?

a. Explain how your company's export profits are calculated. What is the disposition of these profits and who decides how the profits will be used?

b. Has your company suffered a loss on export sales in the past two years? If yes, how was that loss financed? If your company obtained loans from a bank, or attempted to obtain loans from a bank, describe the loan application process.

c. What does your company do with the foreign currency it earns on sales of the subject merchandise to Egypt?

i. If the foreign currency earned (or some portion of it) must be sold to the government, what exchange rate is applied?

ii. If the foreign currency earned (or some portion of it) is retained by your company, describe any restrictions on the use of that foreign currency.

The remaining questions must be answered by all companies (exporters and manufacturers), whether or not the company is requesting a separate rate.

3. Corporate Structure and Affiliations

The purpose of the questions concerning operational and legal structures and affiliations is to provide the Department with an understanding of your company and its role in the manufacture and/or sale of this merchandise.

a. Provide an organization chart and description of your company's operating structure. Describe the general organization of the company and each of its operating units. For example, if your operations are structured by product or families of products, provide a description of each product group; if your operations are structured by function, provide a list of functional groups and the activities performed by each.

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Although you may provide a general description of the structure of the company as a whole, it is particularly important that the description of those units involved in the development, manufacture, sale, and distribution of the merchandise being investigated be sufficiently detailed to provide the Department with a good working understanding of how these units function within the company.

b. Provide a list of all the manufacturing plants, sales office locations, research and development facilities, and administrative offices involved in the manufacture and sale of the subject merchandise operated by your company. Briefly describe the purpose of each.

c. Provide an organization chart and description of your company's legal structure. In addition to the chart, provide a list of all companies affiliated with your company through stock ownership. Describe also the activities of each affiliated company, with particular attention to those involved with the merchandise under investigation. Specify the percentage of ownership and cross-ownership among the companies listed.

4. Sales Process

The date of sale for your sales to Egypt is important to the Department's analysis. It will determine which sales and production factors are reported in response to sections

C and D of this questionnaire. Note, however, that the Department's criteria for determining date of sale may differ from those that you apply in the normal course of business. A description of the Department's criteria is included in the Glossary of Terms at Appendix I; please use these criteria in preparing your questionnaire response. If you have difficulty deciding which date to use as the date of sale, please contact the official in charge immediately.

a. Describe the date (*e.g.*, order date, shipment or invoice date) you have selected as the date of sale for sales to Egypt during the POI, and explain why the date(s) selected best satisfies the Department's date of sale criteria. If you use different methods to identify the date of sale for different transactions, explain why you have done so.

b. Explain how you determined the ultimate customer or market for the products sold through resellers. For these sales, explain whether you restrict the reseller's volume or geographic area for distribution. In addition, explain whether you provide customer lists to or make joint sales calls with the reseller, or provide post-sales support or purchase incentives to the reseller's customers. Provide written sales contracts or sales terms with these resellers.

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c. Describe your agreement(s) for sales in Egypt (*e.g.*, long-term purchase contract, short-term purchase contract, purchase order, order confirmation). Provide a copy of each type of agreement and all sales-related documentation generated in the sales process (including the purchase order, internal and external order confirmation, invoice, and shipping and export documentation) for a sample sale in the Egyptian market during the POI.

d. Describe the types of changes that occur after the initial agreement that affect the terms of the sale other than delivery dates. Explain how these types of changes affected your determination of date of sale.

e. Provide the approximate percentage of sales of the merchandise under investigation in the Egyptian market made pursuant to each type of agreement listed in response to question 4.c. above.

f. Provide copies of all price lists used in sales of the merchandise under investigation to Egypt and identify the types of sales to which these price lists pertain. Include any discount or rebate schedules used with each price list.

5. Accounting/Financial Practices

A detailed understanding of your accounting and financial practices will help to ensure an accurate verification, and is necessary for the Department to analyze your reporting and allocation of expenses.

a. Describe your company's accounting and financial reporting practices, including your normal corporate accounting period.

b. Please provide the following financial documents for the two most recently completed fiscal years plus all subsequent monthly or quarterly statements: (1) chart of accounts; (2) audited, consolidated and unconsolidated financial statements (including any footnotes and auditor's opinion); (3) internal financial statements or profit and loss reports of any kind that are prepared and maintained in the normal course of business for the merchandise under investigation; or, in the absence of such reports, for the product line that corresponds most closely to the definition of the merchandise, including those for the next largest and smallest categories of merchandise and for the next largest and smallest internal business unit

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producing or selling the merchandise; (4) financial statements or other relevant documents (*i.e.*, profit and loss reports) of all affiliates involved in the production or sale of the subject merchandise in the Egyptian market, of all affiliated suppliers to these affiliates, and of the parent(s) of these affiliates; (5) any financial statement or other financial report filed with the local or national government of the country in which your company is located.

6. Merchandise

The questions which follow relate to the merchandise under investigation sold in Egypt.

a. Provide a description of the types of merchandise produced ad/or sold by your company. Include in the description a list (and brief description) of any products with a similar production process to the merchandise under investigation.

b. Provide a key to your product codes assigned to the merchandise in the normal course of business, including an explanation of the full range of prefixes, suffixes, or other notations that identify special features. Explain whether identical products are listed under different codes depending on whether the product is destined for the Egyptian market or another market. If so, provide a list showing how identical products are identified by product codes.

c. Provide all catalogs and brochures issued by your company and affiliates that include the merchandise under investigation sold by your company in Egypt.

7. Further Manufacturing in Egypt

This section of the questionnaire concerns subject merchandise exported to Egypt and changed in value or physical condition ("further manufactured") prior to delivery to the first unaffiliated customer in Egypt.

Provide the following information with respect to merchandise that is further manufactured in Egypt.

a. Provide a list and description of the products sold to unaffiliated customers during the POI that were produced from or contain subject merchandise. For each such product sold, identify the particular subject merchandise used to produce that final product.

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b. Provide the weighted-average net price for the POI charged to the affiliated importer for each product included in the investigation that has been further manufactured and the weighted-average net price for the POI charged the unaffiliated Egyptian customers for each further manufactured final product. Report this data in a format that will permit the Department to compare the transfer prices of the imported merchandise to the price of the final product sold in the Egyptian market. We suggest that for each further manufactured product sold during the POI, you list the product code and name of the subject merchandise included in that product, the net unit transfer price charged the affiliated importer, the amount of the subject merchandise consumed in the production of the further manufactured product, and the total value of the consumed subject merchandise (unit transfer price multiplied by the number of units consumed in production).

8. Exports Through Intermediate Countries

If you are aware that any of the merchandise you sold to third countries was ultimately shipped to Egypt, please contact the official in charge within two weeks of the receipt of this questionnaire.

9. Sales of Merchandise Supplied by an Unaffiliated Producer

Please respond to this section of the questionnaire if neither your company nor an affiliate produced the merchandise being investigated which you sold to Egypt.

a. Provide the names, addresses, and facsimile numbers of those companies that supplied you with the merchandise under investigation that your company or an affiliate sold to Egypt.

b. State whether the supplier of the merchandise being investigated knew or had reason to know the ultimate destination of any merchandise purchased by your company at the time of sale. For example, did you request that the supplier ship the merchandise directly to Egypt, was

the destination apparent from the product codes or other markings, were there product characteristics or features typical of the Egyptian market? Was there an explicit or implicit understanding giving permission to or responsibility for exporting to Egypt, or restricting, discouraging, or prohibiting sales in the home market or elsewhere? Does the supplier have the right to review your sales records? Does the supplier provide after-sales service in Egypt, participate in Egyptian sales calls or activities, or provide sales incentives to your customers?

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c. State the currency in which your purchases from the supplier were transacted and paid.

10. Exports Through Trading Companies in Your Country

If you are aware that any of the merchandise that you sold to another company in your country was ultimately shipped to Egypt, or at the time of sale was intended to be shipped to Egypt, please contact the official in charge within two weeks of receipt of this questionnaire.

FORMAT FOR REPORTING QUANTITY AND VALUE OF SALES

Market	Unit of Measure	Total Quantity	Terms of Sale	Total Value
Egypt **1.Export Price** **2. Constructed Export Price** **Further Manufactured** **Total**				

Values should be expressed in U.S. dollars. Indicate any exchange rates used and their respective dates and sources.

To the extent possible, sales values should be reported based on the same terms (*e.g.*, FOB).

List the unit of measure (*e.g.*, M/T) of the quantity reported.

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SECTION C

Sales to Egypt

I. General Explanation of Section C

This section of the questionnaire provides instructions for reporting your sales of the subject merchandise in or to Egypt. We will compare the prices at which this merchandise was sold in or to Egypt with a constructed value using the factors of production to determine whether the subject merchandise was sold at less than normal value in Egypt during the POI.

If your company did not produce this subject merchandise, you must send section D to the company that produces the subject merchandise and supplies it to you or to your customers.

II. Market Economy Inputs

List the movement expenses (ocean freight, marine insurance, trucking, etc.) that your company purchased from a market economy supplier and paid for in a market-economy currency during the POI. For each movement expense, please report the price you actually paid for a specified quantity of inputs. For these prices, please provide the following information:

a. From which market-economy country did you purchase the good and in what currency did you pay?

b. If you purchase a service from a market-economy supplier, is the price you pay based on the weight or on the value of your product (*e.g.*, the charge for marine insurance is usually based on the value of your shipment, while the charge for ocean freight is usually based on the weight of your shipment).

c. Provide all details of the transaction, including the name of the supplier, the source country, terms of payment and any other arrangements you have made.

d. Detail the percentage you purchased from a market-economy country and the percentage you purchased from a nonmarket-economy supplier.

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III. Instructions for the Narrative Response and the Computer File of Egyptian Sales

Complete Product Code

DESCRIPTION: Report the commercial product code assigned by your company in the normal course of business to the specific product sold in Egypt.

If the product sold is further manufactured in Egypt, report the product code of the product sold, not the product imported.

NARRATIVE: The product code should be described in response to question 6b in section A of this questionnaire.

Matching Control Number (CONNUM)

DESCRIPTION: Assign a CONNUM to each unique product reported in the section C sales data file. Identical products should be assigned the same CONNUM in each record in every file in which the product is referenced.

If the product sold is further manufactured in Egypt, report the CONNUM of the product imported, not the product sold.

Sale Type

DESCRIPTION: Identify the sale as either "EP" (export price) or "CEP" (constructed export price).

Customer Code

DESCRIPTION: Report the name of the customer or the internal accounting code designating the customer.

NARRATIVE: Provide a list of customer names and codes as an attachment to your narrative response.

Date of Sale

DESCRIPTION: Report the calendar "date of sale" as defined in the Glossary of Terms at Appendix I and described in your response to section A question 4 (Sales Process). If the event used to establish the date of sale varies by transaction (*e.g.*, order date for some transactions and invoice date for other transactions), create a separate field to identify the event used to establish the date of sale for each transaction in the file. If you are reporting sales using Lotus, please use a Lotus-compatible date. If you are reporting sales using a sales tape, use a numeric code or

abbreviation to designate the event (*e.g.*, 1 or ORD=order date) and include a key to the code in your narrative response.

Positions 1 – 4 = Year
Positions 5&6 = Month
Positions 7&8 = Day

Sale Invoice Number

DESCRIPTION: Report the reference number assigned to the invoice in your accounting system.

NARRATIVE: Describe the invoice numbering system used by each sales entity that originated a sale reported in this data file. Is it simply a sequential number or is additional information included in the code, such as point of sale? If additional information is contained in the code, provide a key describing each component of the code.

Sale Invoice Date

DESCRIPTION: See Date of Sale for directions on reporting dates.

Date of Shipment

DESCRIPTION: Report the date of shipment from the factory or distribution warehouse to the customer.

Terms of Delivery

DESCRIPTION: 1 = Delivered
2 = FOB
3 = n Specify other delivery terms as required.

NARRATIVE: Describe the terms of delivery offered and indicate the code used for each. The codes for delivery terms listed above are examples only. You need not use them.

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Quantity

DESCRIPTION: Report the sale quantity for this transaction. In general, this quantity will be the quantity of the specific shipment or invoice line, net of returns where possible. For sales that have not been fully shipped/invoiced at the time the data for this section is prepared, report the quantity of the sale not yet shipped (total quantity sold less the quantity shipped and invoiced to date and reported in this file in separate records).

For example, assume the date of sale is the date of the customer's order. In the last month of the POI a customer orders 100 tons to be shipped in 5 lots of 20 tons each once every 30 days. At the time of preparation of your questionnaire response, 3 of the 5 shipments have been made and an invoice sent for each shipment to the customer.

The file you submit to the Department should contain 4 records: one record for each shipment and invoice and a fourth record for the unshipped amount of 40 tons. For the record containing the unshipped 40 tons, complete the adjustment fields based on estimates.

NARRATIVE: Explain how returns, if you permit them, affect your sales reported in the general ledger and sales ledger.

Quantity Unit of Measure

DESCRIPTION: Report all sales in this file in the same unit of measure. Use an abbreviation or code to indicate the unit of measure.

1 or MT = metric tons
2 or KG = kilograms
3 – n Specify as needed.

NARRATIVE: Provide a table of the units of measure and abbreviations or codes used.

Gross Unit Price

DESCRIPTION: Report the unit price recorded on the invoice for sales shipped and invoiced in whole or in part. To report portions of sales not yet shipped, provide the agreed unit sale price for the quantity that will be shipped to complete the order. This value should be the gross price for a single unit of measure. Discounts and rebates should be reported separately.

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Discounts

DESCRIPTION: Report the unit value of discounts granted to the customer. Create a separate field for reporting each discount granted.

NARRATIVE: Explain your policy and practice for granting each discount. Describe each type of discount granted and the basis for eligibility for such discount. If discounts vary, explain why. Explain how you calculated each additional per-unit discount. Where available, provide sample documentation, including sample agreements, for each type of discount.

Rebates

DESCRIPTION: Report the unit value of each rebate given to the customer. Create a separate field for reporting each rebate granted. Rebates should be reported with the sales to which they apply.

NARRATIVE: Explain your policy and practice for granting rebates and describe each type of rebate granted. If rebates vary, explain why. For rebates that have not yet been paid, describe how you computed the amount to be rebated. Include your worksheets as an attachment to your response. Where available, provide documentation, including sample agreements, for each type of rebate.

Transport Activities

Report the information requested concerning activities undertaken to bring the merchandise from the place of manufacture to the customer's place of delivery (if f.o.b., *e.g.*, from factory to port in country of manufacture or if c.i.f., from factory to delivery port in Egypt). You may add fields, if needed. For merchandise which was sold during the POI but which has not been shipped at the time of preparation of the response, report estimated amounts and your basis for these estimates.

The fields listed below anticipate the types of transport activities commonly incurred on international shipments. However, it is not uncommon for certain of these transport expenses to be combined in a single fee paid a transport company (*e.g.*, combined ocean transport and Egyptian internal transport to the customer's place of delivery). If amounts are combined, do not attempt to separate them but report them in a single field and explain in your narrative response.

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Inland Freight – Plant to Distribution Warehouse

DESCRIPTION: Report the distance in kilometers from the factory to the distribution warehouse (or other intermediate location).

NARRATIVE: Describe the transport you used to deliver the merchandise to your distribution warehouse(s) or other intermediate location. Also describe your distribution warehousing for all markets.

Inland Freight – Plant/Warehouse to Port of Exit

DESCRIPTION: Report the distance in kilometers from the plant or distribution warehouse (or other intermediate location) to the port of exit.

NARRATIVE: Describe the transport you used to deliver the merchandise to port of exit in the country of manufacture.

Domestic Inland Insurance

DESCRIPTION: Report "Yes" if you incurred any inland insurance on shipments from the factory or distribution warehouse (or other intermediate location) to the domestic port of exit in the country of manufacture. Otherwise, report "No."

Brokerage and Handling

DESCRIPTION: Report "Yes" if you incurred any brokerage or handling charges for each sale to Egypt. Otherwise, report "No."

International Freight

DESCRIPTION: Report "Yes" if you incurred international freight expenses on shipments to Egypt by a nonmarket-economy carrier. If so, for each sale report the port of exportation and the Egyptian port of importation. If goods were shipped by market-economy companies and charges were incurred in a market-economy currency, report the unit cost of ocean freight or air freight incurred on shipments from the port of exit in the country of manufacture to the Egyptian port of entry, as appropriate. If you did not incur international freight expenses, report "No."

NARRATIVE: If goods were shipped by market-economy companies and charges were incurred in a market-economy currency, describe how you

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calculated the unit cost of ocean freight and include your worksheets as attachments to the narrative response.

Marine Insurance

DESCRIPTION: Report "Yes" if marine insurance was provided by a nonmarket-economy insurer for your shipments to Egypt. If the insurance was purchased from a market-economy supplier and paid for in market-economy currency, report the unit cost of marine insurance incurred on shipments from the port of exit in the country of manufacture to the Egyptian port of entry.

NARRATIVE: If the insurance was purchased from a market-economy supplier and paid for in market-economy currency, describe how you calculated the unit cost of marine insurance and include your worksheets as attachments to the narrative response.

Egyptian Freight from Port to Warehouse

DESCRIPTION: For CEP sales, report the unit cost of any freight incurred on shipments from the Egyptian port of entry to the affiliated reseller's Egyptian warehouse or other intermediate location. For EP sales, report the unit cost of freight from the port of entry to an intermediate location.

NARRATIVE: Describe how you calculated the unit cost of inland freight in Egypt and include your worksheets as attachments to the narrative response.

Egyptian Inland Freight from Warehouse to the Unaffiliated Customer

DESCRIPTION: For CEP sales, report the unit cost of freight incurred on shipments from the affiliated Egyptian reseller to the Egyptian unaffiliated customer. For EP sales, report the unit cost of freight to the customer from the port of entry or an intermediate location.

NARRATIVE: Describe how you calculated the unit cost of freight from the warehouse or other intermediate location and include your worksheets as attachments to the narrative response.

Egyptian Inland Insurance

DESCRIPTION: Report the unit cost of inland insurance incurred on shipments within Egypt.

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NARRATIVE: Describe how you calculated the unit cost of Egyptian inland insurance and include your worksheets as attachments to the narrative response.

Other Egyptian Transportation Expense

DESCRIPTION: Report the unit cost of any additional transportation expense incurred in Egypt.

NARRATIVE: Describe the expense and how you calculated the unit cost. Include your worksheets as attachments to the narrative response.

Egyptian Customs Duty

DESCRIPTION: If terms of sale included this charge, report the unit amount of any customs duty paid on the subject merchandise. Include in the unit cost the Egyptian customs processing fee and the Egyptian harbor maintenance fee.

NARRATIVE: Describe how you calculated the unit cost of Egyptian customs duties and customs fees, and include your worksheets as attachments to the narrative response.

Destination

DESCRIPTION: Report the Egyptian postal ZIP code of the customer's place of delivery.

Packing Materials

DESCRIPTION: Report in separate fields each type of packing material and the quantity used to pack a unit of the subject merchandise for export to Egypt.

NARRATIVE: Describe the method used to pack the subject merchandise for shipment to Egypt. Provide any worksheets showing how packing materials are allocated.

Unskilled Packing Labor

DESCRIPTION: Report the unskilled labor hours necessary for packing a unit of the subject merchandise for export to Egypt.

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NARRATIVE: Describe the allocation of packing labor hours to the shipments of subject merchandise. Also, describe how you determined that the reported labor was unskilled.

Skilled Packing Labor

DESCRIPTION: Report the skilled labor hours necessary for packing a unit of the subject merchandise for export to Egypt.

NARRATIVE: Describe the allocation of packing labor hours to the shipments of subject merchandise. Also, describe how you determined that the reported labor was skilled

Egyptian Repacking Cost

DESCRIPTION: If the product is repacked in Egypt, report the unit cost of any repacking in Egypt. Include the cost of labor, materials, and overhead.

NARRATIVE: Describe any repacking that occurred in Egypt. For each type of packing, provide a worksheet that demonstrates the calculation of packing material, labor, and overhead for a single unit.

The worksheets should include a list of packing materials, the average cost of each material, and how much of each material was used. In addition, report the average labor hours by packing type and the average labor cost per hour including benefits. Include also a list of overhead expenses incurred in packing and demonstrate how these expenses were allocated to each packing type.

Further Manufacturing

DESCRIPTION: If you are required to report the cost of further manufacturing performed in Egypt, record the unit cost in this field. This value is the total unit cost reported in the data file prepared in response to questionnaire Section E – Cost of Further Manufacturing Performed in Egypt.

If you have incurred further manufacturing costs in Egypt but are not required to report the cost, record the code “FM” in this field for each sale of a further

manufactured product. Leave the field blank for sales of products that have not been further manufactured.

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NARRATIVE: If you further manufacture subject merchandise in Egypt, please contact the official in charge immediately. You may be required to respond to Section E of this questionnaire. No additional narrative description is required for this field. Refer to Section A question 7.

Foreign Trade Zone

DESCRIPTION: Identify all sales of merchandise shipped into foreign trade zones in Egypt by recording the code "FTZ" in this field. If you shipped the subject merchandise to an affiliate in an FTZ that further processed the merchandise into products not within the description of covered merchandise in Appendix III prior to entry into Egyptian customs territory, separately identify these transactions with the code "FTZA."

For merchandise that was not shipped into FTZs or was entered for consumption prior to admission to an FTZ, leave this field blank.

NARRATIVE: Explain the circumstances that pertained to FTZ transactions. State whether you, your Egyptian affiliate, or an unaffiliated firm entered (or may have entered) the merchandise into the Customs territory of Egypt.

Manufacturer

DESCRIPTION: If you have sold the subject merchandise produced by more than one manufacturer, identify the manufacturer in each record by the use of a code. If the manufacturer is unknown, identify your supplier.

NARRATIVE: If you are not the manufacturer, report the manufacturer of the merchandise in your narrative response and provide a key to the code.

Other Revenues and Expenses

If there are additional revenues or expenses that are not reported above, create a field for each in the computer file, describe the revenue or expense in your narrative response, and include all calculation worksheets as attachments to your narrative response.

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SECTION D

Factors of Production Questionnaire

I. General Explanation of Section D

This section of the anti-dumping questionnaire instructs you on how to report the factors of production ("factors") of the subject merchandise. Please refer to the cover letter to determine your reporting requirements.

A. Factors of Production

Factors of production are used to construct the value of the product sold by your company in Egypt. The Department will use the input amounts you report, along with the appropriate price from the chosen surrogate country, to construct the normal value of the subject merchandise sold by your company to the Egyptian market. Surrogate values for overhead, selling, general and administrative ("SG&A") expenses and profit will also be added. Unless otherwise instructed by the Department, you should report factors information for all models or products types in the Egyptian market sales listing submitted by you (or the exporter) in response to Section C of this questionnaire. The reported amounts should reflect the factors of production used to produce one unit of the subject merchandise.

If you have any questions regarding how to compute the factors of the subject merchandise, please contact the official in charge before preparing your response to this section of the questionnaire.

B. Reporting Period for Factors of Production

Calculate the per-unit factor amounts based on the actual inputs used by your company during the POI as recorded in your normal accounting system. If your company's fiscal year ended within three months of the end of the POI, however, you may contact the official in charge to determine whether you can report factors based on your company's last two quarters. If you have any questions regarding the appropriate calculation period, please contact the official in charge before preparing your response to this section of the questionnaire.

C. Calculating Weighted-Average Factors of Production

If you produce the subject merchandise at more than one facility, you must report the factor use at each location. You must also report the output of the subject merchandise at the various facilities during the POI.

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D. Reporting Requirements

If your company did not produce the subject merchandise, we request that this section be immediately forwarded to the company that produced the subject merchandise and supplies it to you or to your customers.

II. Production Process and Products

The information requested below is necessary for the Department to understand your products and production processes. We therefore ask that you provide complete and detailed narrative responses to each of the items listed below.

A. Production Process

The following questions will provide information on your company's production process.

1. Please specify whether you produce all of the subject merchandise on site. List the plants where the subject merchandise is produced.

2. Provide a detailed description of the production process utilized for the
production of the subject merchandise. The description of the process should include, but not be limited to:

i. A diagram of the process.

ii. A technical description of each stage of the process.

For each stage of the process you must indicate the material inputs, the processing time, the types of equipment used, the number of people involved in the process, and any subsidiary products generated as a result of the production of the subject merchandise.

B. Products

1. Report the total quantity of the subject merchandise produced in each factory during the POI.

2. List the products your company produces. Identify all products manufactured using the same production facilities as the subject merchandise.

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III. Market-Economy Inputs

List the inputs that your company purchased from a market-economy supplier and paid for in a market-economy currency during the POI. For raw material inputs and packing materials, please report the price you actually paid for a specified quantity of inputs. If you used a service (*e.g.*, trucking) from a market-economy supplier, and paid market-economy currency, please report the price you actually paid for the service. For these prices, please provide the following information:

a. From which market-economy country did you purchase the good and in what currency did you pay?

b. Provide all details of the transaction, including the name of the supplier, your relationship with that supplier, the source country, terms of payment, and any other arrangements you have made.

c. Detail the percentage you purchased from a market-economy country and the percentage you purchased from a nonmarket-economy supplier.

Matching Control Number

DESCRIPTION: Report the unique control number assigned to the model in the Egyptian sales file in Section C of this questionnaire. Unless otherwise instructed by the Department, you should ensure that your factors computer file contains a separate record for each unique product control number contained in your Egyptian sales file.

The following should contain information regarding the specific factors used to produce the subject merchandise. Before calculating, choose a unit of measure for which you will calculate the factors (*e.g.*, calculate factors based on the production of one metric ton of the subject merchandise or based on the production of one item of the subject merchandise). If you receive any of the inputs used in your production process for free, you must include the amount of that input used. If your company manufactured the subject merchandise at more than one facility, separately report the amount produced in each facility. In addition, you must provide a narrative description detailing how you computed the weighted-average factors figures.

Raw Materials Amounts

DESCRIPTION: Report the raw materials used to produce a unit of the subject merchandise. These amounts should be reported on a per-unit basis (*e.g.*, per metric ton, per unit of merchandise, etc.).

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NARRATIVE: Describe the method used to calculate the reported amounts. If any raw material amounts are reduced because of recycled scrap, provide the names of those inputs and the reduction made. Also, on a separate sheet, please detail the means of transport and the distance each material traveled from the supplier to your factory. If you have multiple suppliers, please provide the distance from each supplier to your factory, and the percentage amount purchased from each supplier. Describe each type and grade of material used in the production process.

Unskilled Labor Hours

DESCRIPTION: Report the unskilled labor hours required to produce a unit of the subject merchandise. Note that these should be the actual labor hours worked, not standard labor times. Unskilled labor should include all unskilled production workers, inspection/testing workers, relief workers, and any other unskilled workers

directly involved in producing the merchandise. In addition, your reported unskilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

NARRATIVE: Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe the labor you classified as unskilled.

Skilled Labor Hours

DESCRIPTION: Report the skilled labor hours required to produce a unit of the subject merchandise. Skilled labor includes supervisors, senior engineers, technicians, quality control, etc. Skilled labor should include all skilled production workers, inspection/testing workers, relief workers, and any skilled other workers directly involved in producing the merchandise and not reported as unskilled labor. In addition, your reported skilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

NARRATIVE: Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe how you determined that labor was skilled.

Indirect Labor Hours

DESCRIPTION: Report the indirect labor hours required to produce a unit of the subject merchandise. Indirect labor includes all workers not previously reported who are indirectly involved in the production of the subject merchandise.

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NARRATIVE: Describe the allocation of indirect labor hours to the production of subject merchandise. Also, describe how you determined that labor was indirect. Report any other labor that you have not included.

Energy

DESCRIPTION: Report the energy used to produce one unit of the subject merchandise. If you used a fuel to generate electricity, please report the fuel actually used.

NARRATIVE: Discuss how you calculated the reported energy usage and provide supporting worksheets. Also, please discuss your use of energy. How important is energy in your production process? Also, if the energy is transported to your factory, please report the distance it travels. Please report any additional expenses (besides its transportation) you incur in acquiring any energy input.

Byproducts or Co-Products

DESCRIPTION: Please report the amount of byproducts or co-products produced per unit of subject merchandise. Please report each co- or by-product in separate

columns. Identify only those co- or by-products that do not re-enter the production process.

Packing Materials

DESCRIPTION: Report in separate columns each type of packing material and the quantity used to pack a unit of the subject merchandise for export to Egypt.

NARRATIVE: Describe the method used to pack the subject merchandise for shipment to Egypt.

Unskilled Packing Labor

DESCRIPTION: Report in separate columns the unskilled labor hours necessary for packing a unit of the subject merchandise for export to Egypt.

NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was unskilled.

Skilled Packing Labor

DESCRIPTION: Report in separate columns the skilled labor hours necessary for packing a unit of the subject merchandise for export to Egypt.

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NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was skilled.

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SECTION E

Cost of Further Manufacture or Assembly Performed in Egypt

For Department use only. This box should be deleted before sending the questionnaire to respondents. *It may not be necessary for a respondent to answer this section of the questionnaire under certain conditions where substantial value is added to the subject merchandise after importation into Egypt. To avoid imposing an unnecessary burden on the Department, the Department may determine export price based on alternate methods when it appears that the value added after importation is likely to "exceed substantially" the value of the imported product. While the Department is not*

required to calculate precisely the level of value added after importation into Egypt, "exceed substantially" means that the value added in Egypt is estimated to be substantially more than half of the price of the subject merchandise as sold in Egypt. Question 8.c of questionnaire Section A requests respondents to submit information regarding the weighted-average prices of both the subject merchandise as imported and the further manufactured product sold in Egypt. You should refer to this information to help you determine whether the value added in Egypt "exceeds substantially" the value of the imported product.

1.General Explanation of Section E Questionnaire

This section of the questionnaire provides instructions for reporting the costs incurred for further manufacture or assembly of the subject merchandise in Egypt.

A. Cost of Further Manufacture or Assembly

Further manufacture or assembly ("further manufacturing") costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expenses, interest expenses, additional Egyptian packing expenses, and any costs involved in moving the product from the Egyptian port of entry to the further manufacturer. The Egyptian further manufacturing costs that you report in detail in this section must be reported in total in your company's Egyptian sales listing submitted in response to Section C of this questionnaire.

B. Reporting Period for Further Manufacturing Costs

The further manufacturing costs that you report in response to this section should be calculated based on the actual costs incurred by your Egyptian affiliate (the "company") during the POI, as recorded in its normal accounting system. If the

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company's fiscal year ends within three months of the POI, however, you may contact the official in charge to determine whether you can report further manufacturing costs based on the company's fiscal year. If you have any questions regarding the appropriate cost calculation period for the merchandise under investigation, please contact the official in charge before preparing your response to this section.

C. Weighted-Average Further Manufacturing Costs

The further manufacturing costs that you report in response to this section of the questionnaire should be calculated on a weighted-average basis using production quantity as the weighting factor. If you further manufactured the subject merchandise at more than one Egyptian facility, you must report the weighted-average of the further manufacturing costs from all such facilities. If you have any questions regarding how to compute the weighted-average

further manufacturing costs for the subject merchandise, please contact the official in charge before preparing your response to this section.

II. General Information

The general information requested below is necessary in order for the Department to better understand the company's operations, its products and production processes, and its financial and cost accounting practices. We therefore ask that you provide complete and detailed narrative responses to each item listed below.

A. Products and Production Process

Provide a narrative description of the further manufacturing process for the subject merchandise shipped to Egypt. Your description should address each of the items 1 through 3 listed below.

1. Identify and describe the Egyptian production facilities used to further manufacture the subject merchandise. If further manufacturing operations take place at more than one facility, identify each facility and describe the production activities that take place there. Identify all products manufactured using the same production facilities used to further manufacture the subject merchandise.

2. Provide a flowchart that details the complete Egyptian production cycle for the subject merchandise. This should include descriptions of each stage of production and the locations of primary cost centers.

3. Provide a description of how the company keeps account of processing yields or losses throughout the further manufacturing production cycle. Indicate all stages in the production cycle for which processing yields are measured.

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4. List the inputs used to further manufacture the subject merchandise, including specific types of raw materials, labor, electricity, or other power supply, machinery and equipment, and subcontractor services. Indicate whether any of these materials or services were purchased from an affiliated party (*i.e.*, affiliated person). If so, specify the basis used by the company to value the input for further manufacturing costs (*e.g.*, cost of producing the input or the transfer price from the affiliated party).

B. Financial Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will help us to understand the company's accounting practices and the system it uses to accumulate and summarize accounting data.

1. State whether the company's financial accounting practices are in accordance with generally accepted accounting principles ("GAAP") in Egypt.

2. Provide a flowchart illustrating the company's basic financial accounting books and record keeping system. Indicate in your flowchart all subsidiary ledgers, including raw materials, inventory, and sales and accounts receivable ledgers. Show in your flowchart how data from the company's financial accounting system are summarized in its financial statements.

C. Cost Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will provide us with an understanding of the cost accounting system used by the company in its normal course of business.

1. Describe the company's cost accounting system and how it is used to classify, allocate, aggregate, and record the costs incurred to further manufacture the subject merchandise. Your description should be provided in narrative form and should include a flowchart that 1) illustrates how the system records and reports costs for the merchandise throughout the production process, and 2) shows the various subsidiary cost ledgers maintained under the system and how they reconcile to the company's normal financial statement data.

2. Provide a list of all direct, indirect, and common cost centers. Briefly describe the operations that take place at each of these cost centers. For direct centers, describe how the production costs are accumulated and charged to the merchandise produced. For indirect and common cost centers, describe how the costs incurred are accumulated and allocated to the direct cost centers.
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3. Describe the level of product specificity over which the company's cost accounting system normally captures production costs. Explain how the product-specific costs as recorded in the company's normal accounting system compare to the model-specific costs reported for further manufacturing.

4. State whether the company's cost accounting system accumulates costs for the subject merchandise based on the actual production costs incurred or on standard or budgeted costs. If the company's cost accounting system is based on standard or budgeted costs, then provide the following information:

a. the types of variances recorded under the company's cost accounting system and how they are used by management in the normal course of business (for each type of variance, identify the level of product specificity for which the variance is measured);
b. the period for which the company computes and records each type of variance;
c. the methods used to develop each type of variance used in the company's cost accounting system;
d. the frequency with which the company revises its standard or budgeted costs, including the date on which the latest revision was made; and

e. the disposition of favorable or unfavorable variances (including under- or over-applied overhead) resulting from production operations during each accounting period (*e.g.*, charge to cost of sales, prorate between cost of sales and inventory balances).

5. List and describe any production costs incurred by the company that are valued differently for cost accounting purposes than for financial accounting purposes.

III. Response Methodology

The per-unit further manufacturing cost figures that you provide in response to this section must reconcile to the actual costs reported in the company's cost accounting system and to accounting records used by the company to prepare its financial statements. If the company normally uses a cost accounting system based on actual costs, you should use that system for purposes of computing your submitted further manufacturing cost amounts. Similarly, if the company uses a standard cost accounting system, you should use that system for purposes of computing further manufacturing costs. In such a case, however, you must also ensure that you have allocated to the further manufacturing costs all variances resulting from differences between standard and actual production costs. If you do not intend to use the company's normal accounting system and cost allocation methods to compute further manufacturing cost for the subject merchandise, you must contact the official in charge before preparing your response to this section of the questionnaire.

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A. Description of Response Methodology

Provide a narrative description of the methodology that you used to compute the company's submitted further manufacturing costs. Your description should address items 1 through 3 listed below.

1. Describe how you used the company's normal cost and financial accounting records to compute the per-unit further manufacturing cost figures reported in response to this section of the questionnaire. Include in your description a discussion of how you used the company's accounting system and actual cost and financial accounting data to compute each of the following cost elements relating to the submitted further manufacturing cost figures:

a. direct materials;
b. direct labor;
c. factory overhead;
d. research and development ("R&D") costs;
e. general and administrative expenses (including all miscellaneous income and expense items); and
f. net interest expense.

2. List and describe in detail any differences between costs computed under the company's normal cost and financial accounting systems and the costs submitted in

response to this section of the questionnaire. Include in your description the reasons why it was necessary for you to depart from the company's normal accounting practices in order to compute the submitted further manufacturing costs.

IV. Instructions for Submitting Further Manufacturing Cost Data File

In accordance with the instructions provided below, prepare a file reporting the costs incurred to further manufacture the subject merchandise in Egypt. Instructions regarding the specific information required to complete each data field for the further manufacturing cost file are provided below. These instructions combine the questionnaire with the data file format.

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For Department use only. This box should be deleted before sending the questionnaire to respondents. The computer file formats below provide guidelines for you to follow in preparing the further manufacturing cost questionnaire for respondents. You should be aware, however, that these guidelines may not be appropriate in every case. Instead, you should consider the Egyptian further manufacturing process for the subject merchandise in determining how you will instruct respondents to report their costs. For example, the formats below do not take into account products manufactured in stages for which it may be more appropriate to request respondents to report their costs pursuant to each manufacturing stage. Nor do the formats allow for further manufacturing processes that generate significant scrap revenues or that result in the production of by-products with sales revenues that are offset against the manufacturing costs incurred for the subject merchandise. In such instances, it may be appropriate to report such revenues in separate data fields in order to facilitate your analysis. For some further manufacturing processes, production yields play a significant role in determining the cost of the finished product. In these cases, you should consider how you will devise the cost reporting formats in such a way as to allow you to analyze a respondent's production yield data.

Complete Product Code

DESCRIPTION: Report the commercial product code assigned by the company in the normal course of business to the specific further manufactured product sold in Egypt.

Matching Control Number

DESCRIPTION: Report the unique control number assigned to the model (as imported) from the Egyptian sales files in Section C of the questionnaire. Unless otherwise instructed by the Department, you should ensure that your further manufacturing cost computer file contains a record for each unique product control number contained in the Egyptian sales file which required further manufacturing in Egypt.

Material Costs

DESCRIPTION: Report the costs incurred for direct materials used to further manufacture the subject merchandise. This should include transportation charges and other expenses normally associated with obtaining the materials that become an integral part of the finished product sold in Egypt. Direct material costs include only the costs incurred for materials added in Egypt and not the cost of the imported subject merchandise. However, in addition to the cost of any Egyptian direct materials, you should include in this field the costs incurred for 1) any movement charges incurred to transport the subject merchandise from the port of entry to the company's Egyptian further manufacturing facilities, and 2) the actual costs incurred for any yield loss in connection with the further manufacture of the subject merchandise in Egypt. (Note that

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you should compute the amount of any yield loss taking into account both the cost of the imported subject merchandise and the costs incurred for Egyptian further manufacturing.)

Direct Labor Costs

DESCRIPTION: Report the direct labor costs incurred to further manufacture the subject merchandise. Direct labor should include the costs incurred for all production workers, inspection/testing workers, relief workers, and any other workers directly involved in further manufacturing the subject merchandise in Egypt. Direct labor should consist of the workers' base pay, overtime pay, incentive wages, shift differentials, bonuses, and any other form of wages or benefits paid to them by the company (*e.g.*, vacation, holidays, sick pay, insurance, government-mandated social programs). In addition, your reported direct labor costs should include the full amount incurred for any contract labor hired by the company to further manufacture the merchandise.

Factory Overhead Costs

DESCRIPTION: Report the factory overhead costs incurred to further manufacture the subject merchandise. Overhead costs may include costs incurred for indirect materials, indirect labor, and manufacturing utilities, as well as costs incurred for building or equipment rental, depreciation, supervisory labor, plant property taxes, factory administrative costs, and any other variable or fixed costs associated with packing the further manufactured merchandise. In addition, R&D costs that relate specifically to the further manufacturing operations should normally be included in overhead.

NARRATIVE: If you have not already done so in response to question III.A.1, provide a list showing each category of costs included in your reported overhead cost figures for the subject merchandise.

Total Production Cost

DESCRIPTION: Report the total production costs incurred to further manufacture the subject merchandise.

General and Administrative Expenses

DESCRIPTION: Report the per-unit G&A expenses incurred by the company in connection with the Egyptian further manufacture of the subject merchandise. G&A expenses are those period expenses that relate to the activities of the company as a whole and are not identified with a particular operation. G&A expenses include amounts incurred for general R&D activities, executive salaries and bonuses, and other operations relating to the company's Egyptian corporate headquarters. You should also include in your reported G&A expenses an amount for administrative services performed on the company's behalf by its parent company or other affiliated party.

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You should compute G&A expenses on an annual basis as a ratio of the company's total G&A expenses divided by its cost of sales (less the cost of the imported subject merchandise). In calculating the company's G&A ratio, you should rely on full-year G&A expense and cost of sales figures reported in the company's audited financial statements for the year the most closely relates to the POI. To compute the amount of per-unit G&A expense, you should multiply the G&A expense ratio by the per-unit further manufacturing cost for the subject merchandise.

NARRATIVE: Provide a worksheet reconciling amounts reported in the company's audited financial statements to the G&A expenses submitted in you further manufacturing cost computer file. In addition to reporting G&A expenses, the worksheet reconciliation should identify in detail all non-operating and extraordinary items of income and expenses reported in the company's financial statement and should show how these amounts were treated for purposes of computing G&A expenses for further manufacturing costs.

Net Interest Expense

DESCRIPTION: Report the per-unit net interest expense incurred by the company in connection with the further manufacture of the subject merchandise. You should compute net interest expense on an annual basis as a ratio of the company's total net interest expense divided by its cost of sales (net of the cost of the imported subject merchandise). In calculating the company's net interest ratio, you should rely on full-year net interest expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POI. If the company is a member of a consolidated group of companies, then you should base your interest expense calculation on the consolidated financial statements of the group. To compute the amount of per-unit net interest expense, you should multiply the net interest expense ratio by the per-unit further manufacturing cost of the subject merchandise.

NARRATIVE: Provide a worksheet illustrating how you used amounts reported in the company's or group's audited financial statements to compute the net interest expense reported in your further manufacturing cost computer file. If you based your net interest expense computation on the financial statements of the consolidated group of companies of which the company is a member, and you have not provided those statements in response to Section A of this questionnaire, please submit a translated copy of the statements with your response to this section of the questionnaire.

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APPENDIX I

GLOSSARY OF TERMS

This glossary is intended to provide parties with a basic understanding of many technical terms that appear in the anti-dumping questionnaire. These explanations are not regulations or rules with the force of law. As difficult or detailed questions arise, parties should seek clarification from the statute, regulations, and the Department, rather than attempting to derive precise guidance from these general explanations.

Affiliated Persons

Under the anti-dumping law, transactions between affiliated persons are subject to particular scrutiny. Affiliate persons (affiliates) include (1) members of a family, (2) an officer or director of an organization and that organization, (3) partners, (4) employers and their employees, and (5) any person or organization 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 the organization. In addition, affiliates include (6) any person who controls any other person and the other person, and (7) any two or more persons who directly control, are controlled by, or are under common control with, any person. "Control" exists where one person or organization is legally or operationally in a position to exercise restraint or direction over the other person or organization.

Constructed Export Price

(See **Export Price and Constructed Export Price**.)

Date of Sale

Establishing the date of sale is an important part of any dumping analysis. Generally, the date of sale is the date on which the basic terms of the sale, particularly price and quantity, are agreed upon by the buyer and the seller. Typically, the date of sale is the sale contract date, purchase order date, or the order confirmation date. For long-term or requirements contracts, the date of sale is the date of contract.

If basic terms of sale have changed up to, or even subsequent to, the date of shipment, then the date of shipment is the date of sale. However, the date of sale cannot occur after the date of shipment. Thus, the Department treats post-shipment price modifications as price adjustments.

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Discounts

A discount is a reduction to the gross price that a buyer is charged for goods. Although the discount need not be stated on the invoice, the buyer remits to the seller only the face amount of the invoice, less discounts. Common types of discounts include early payment discounts, quantity discounts, and loyalty discounts.

Dumping

Dumping occurs when imported merchandise is sold in, or for export to, Egypt at less than the normal value of the merchandise. The dumping margin is the amount by which the normal value exceeds the export price or constructed export price of the subject merchandise. The weighted-average dumping margin is the sum of the dumping margins divided by the sum of the export prices and constructed export prices.

Export Price and Constructed Export Price

Export price and constructed export price refer to the two types of calculated prices for merchandise imported into Egypt. The Department compares these prices to normal values to determine whether goods are dumped. Both export price and constructed export price are calculated from the price at which the subject merchandise is first sold to a person no affiliated with the foreign producer or exporter.

Generally, an Egyptian sale is classified as an export price sale when the first sale to an unaffiliated person occurs before the goods are imported into Egypt. Generally, an Egyptian sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in Egypt affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation, unless the Egyptian affiliate performs only clerical functions in connection with the sale.

Factors of Production

For nonmarket-economy countries, the usual basis for calculating normal value is not appropriate. Instead, the Department constructs a normal value using the nonmarket-economy producer's factors of production. The factors of production include, but are not limited to, (1) the hours of labor required to produce the merchandise, (2) the quantities of raw materials employed, (3) the amounts of energy and other utilities consumed, and (4) representative capital costs, including depreciation. These factors of production are then usually valued in a market-economy country that is at a level of

economic development comparable to that of the nonmarket-economy country and is a significant producer of the subject merchandise or of comparable merchandise.

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Facts Available

The Department seeks to make its anti-dumping determinations on the basis of responses to its anti-dumping questionnaires. However, for a variety of reasons, the data needed to make such determinations may be unavailable or unusable. In such instances, the law requires the Department to make its determinations on the basis of "the facts otherwise available" (more commonly referred to as "the facts available"). More specifically, the Department must use the facts available if necessary information is not available on the record of an anti-dumping proceeding. In addition, the Department must use the facts available where an interested party or any other person: (1) withholds information requested by the Department; (2) fails to provide requested information by the requested date or in the form and manner requested; (3) significantly impedes an anti-dumping proceeding; or (4) provides information that cannot be verified.

In selecting the information to use as the facts available, the law authorizes the Department to make an inference that is adverse to an interested party if the Department finds that party failed to cooperate by not acting to the best of its ability to comply with a request for information. However, when the Department relies on secondary information rather than on information obtained in the course of an anti-dumping proceeding, the Department will, to the extent practicable, corroborate that information from independent sources that are reasonably at the Department's disposal.

The Department will consider using submitted information that does not meet all of the Department's requirements if: (1) the information is submitted within applicable deadlines; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for a determination; (4) the party establishes that it acted to the best of its ability; and (5) the Department can use the information without undue difficulties. Finally, if an interested party promptly informs the Department of difficulties it is having in responding to a request for information, the Department will consider modifying its request to the extent necessary to avoid imposing an unreasonable burden on the party.

Further Manufacturing Adjustment

In calculating constructed export price, the Department normally deducts from the price of the merchandise sold in Egypt the cost of any further manufacture or assembly performed in Egypt by, or for, the exporter or an affiliate. However, if the value of the further processing is likely to exceed substantially the value of the subject merchandise as imported, the Department may instead use an alternative basis for the constructed export price. If possible, the Department would use the price of subject merchandise sold to an unaffiliated customer by the producer, exporter, or affiliated seller. If there is an insufficient quantity of such sales, the Department may rely on any other reasonable basis.

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Market-Oriented Industry

The Department may find a market-oriented industry exists when it finds that in an entire industry: (1) there is virtually no government involvement in setting prices or amounts produced; (2) it is a privately or collectively owned industry; and (3) market-determined prices are paid for all significant inputs.

Such a decision is based on information provided by the nonmarket-economy exporters and producers. If an industry is found to be a market-oriented industry, the normal value will be calculated on the basis of home market or third-country prices or costs. That industry would also be subject to a countervailing duty review should one be petitioned and initiated.

Nonmarket Economy

A nonmarket-economy country is any country that the Department determines does not operate on market principles. The Department considers the following factors about a foreign country in making these decisions: (1) the extent to which the currency is convertible; (2) the extent to which wage rates are determined by free bargaining between labor and management; (3) the extent to which joint ventures or foreign investment are permitted; (4) the extent of government ownership or control of means of production; (5) the extent of government control over allocation of resources and over the price and output decisions of enterprises; and (6) other factors the Department considers appropriate.

Normal Value

In a case involving merchandise produced in a nonmarket-economy country, normal value is constructed using the factors-of-production methodology (see also **Factors of Production** and **Surrogate Country**.) The Department compares the normal value to the export price or constructed export price to determine the margin of dumping, if any.

Proprietary Information

Proprietary information is sensitive business data that would cause substantial harm to the submitter if disclosed publicly. Examples of information that the Department normally treats as proprietary, if requested and not already in the public domain, include trade secrets concerning the production process, production and distribution costs, terms of sale, individual prices, and the names of customers and suppliers.

Proprietary Treatment

If a party requests proprietary treatment of information, and if the Department agrees that the information is proprietary, the Department will protect the information from public

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disclosure. If the Department does not agree that the information is proprietary, it will return the information and not rely on it in the proceeding, unless the submitter agrees that it may be made public.

Rebates

Similar to discounts, rebates are reductions in the gross price that a buyer is charged for goods. Unlike discounts, rebates do not result in a reduction in the remittance from the buyer to the seller for the particular merchandise with which the rebate is associated. Rather, a rebate is a refund of monies paid, a credit against monies due on future purchases, or the conveyance of some other item of value by the seller to the buyer after the buyer has paid for the merchandise. When the seller establishes the terms and conditions under which the rebate will be granted at or before the time of sale, the Department reduces the gross selling price by the amount of the rebate. (See also **Discounts**.)

Separate Rates

The Department calculates one rate for all companies in a nonmarket-economy country. However, if an exporter demonstrates that it is independent of government control, it can receive an individually calculated anti-dumping duty rate. This separate rate is calculated using the Egyptian price the exporter set and the inputs of the manufacturer that supplied the goods to the exporter valued in a surrogate country. All companies that do not submit a response to the questionnaire or do not adequately establish that they are independent of government control are subject to the single economy-wide rate.

Subject Merchandise

Subject merchandise is the merchandise under investigation, *i.e.*, the merchandise described in Appendix II to the questionnaire, and sold in, or to, Egypt.

Surrogate Country

The Department values factors of production in a surrogate country (or countries). The surrogate usually is a market-economy country that is at a level of economic development comparable to that of the nonmarket-economy country and is a significant producer of the subject or comparable merchandise.

Verification

To establish the adequacy and accuracy of information submitted in response to questionnaires and other requests for information, the Department conducts an examination of the records of the party that provided the information and interviews company personnel who prepared the questionnaire response and are familiar with the sources of the data in the response. This process is called verification.

APPENDIX II

DESCRIPTION OF PRODUCTS

The products covered in this investigation include semi-finished products of iron or non-alloy steel, containing by weight less or more than 0.25% of carbon ("billets"), currently classifiable under HS item numbers _____, _____, and _____. These item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

NORMAL VALUE

June 2000

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LIST OF ACRONYMS & ABBREVIATIONS

ANTIDUMPING AGREEMENT	AGREEMENT ON INTERPRETATION OF ARTICLE VI OF THE GATT
BTU	BRITISH THERMAL UNIT
CEP	CONSTRUCTED EXPORT PRICE
CGP	COATED GROUNDWOOD PAPER
COM	COST OF MANUFACTURE
COP	COST OF PRODUCTION
COS	CIRCUMSTANCES OF SALE
CV	CONSTRUCTED VALUE
DIFMER	DIFFERENCES IN MERCHANDISE
E.C.	EXPORTING COUNTRY
EP	EXPORT PRICE
GAAP	GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
G&A	GENERAL AND ADMINISTRATIVE EXPENSES
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
HM	HOME MARKET
IAS	INTERNATIONAL ACCOUNTING STANDARD
LNPP	LARGE NEWSPAPER PRINTING PRESSES
MOI	MARKET ORIENTED INDUSTRY
NME	NON-MARKET ECONOMY
NV	NORMAL VALUE
PM	PROGRAM MANAGER
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW

PRC	PEOPLES REPUBLIC OF CHINA
SGA	SELLING, GENERAL & ADMINISTRATIVE EXPENSES

INTRODUCTION

References:

Law No. 161 for 1998, Concerning the Protection of National Economy from the Effects of Injurious Trade Practices in International Trade

Ministerial Decree No. 549/1998 (Regulation of Law No. 161/1998)

Part III, Section 1, Articles 32, 34-36: Dumping Calculations

Antidumping Agreement
Article 2 – Calculation of NV

NV is the price at which the foreign like product is first sold (or, in the absence of a sale, offered for sale) for consumption in an exporting country (E.C.) or third-country market, in the usual commercial quantities and in the ordinary course of trade and, to the extent practicable, at the same level of trade as the export price (EP) or constructed export price (CEP). Like EP or CEP calculations, the calculation of NV for investigations or administrative reviews calls for various adjustments to be made to "starting prices." Starting prices are prices net of any price adjustment that is reasonably attributable to the like product. These price adjustments include such things as discounts and rebates that constitute part of the net price actually paid by the purchaser. The use of net prices as the starting point for the computation of NV is consistent with the position that rebates and discounts are not expenses but rather form part of the price itself. Once starting prices for NV for specific models or types of merchandise are determined, they are adjusted for a myriad of items as covered in sections VI through XII. As is the case with EP and CEP adjustments, any interested party that claims an adjustment must establish the claim to the satisfaction of the Investigating Authority. Finally, NV, for investigations, in most instances will be a model- or type-specific weighted-average price for the whole period of investigation (POI). For an administrative review, NV is usually based on a model- or type-specific price for a one-month period.

The terms "exporting country" (EC) and "home market" (HM) are used interchangeably. The term "foreign market" is used to refer to EC (HM) and third-country sales. It should also be noted that, even though most sections refer to adjusting EC (home market) prices, the same adjustment and computational process, with the exception of EC taxes, is followed to compute an NV based on third-country prices.

I. EXPORTING-COUNTRY MARKET OR THIRD-COUNTRY MARKET

References:

Law No. 161 for 1998, Concerning the Protection of National Economy from the Effects of Injurious Practices in International Trade

Regulation of Law No. 161/1998

Article 32 – Normal Value

Article 34 – Normal Value

Antidumping Agreement

Articles 2.1 and 2.2 – use of exporting-country or third-country sales

A. The Five-Percent Viability Test

Normal value (NV) is the price at which the foreign like product is first sold for consumption in the exporting country (E.C.) (see section II for a discussion of foreign like product). However, there are several exceptions to this rule. One exception involves market viability. A market is considered viable if the aggregate quantity of sales of the foreign like product to affiliated and unaffiliated purchasers in the market is five percent or more of the aggregate quantity of sales of subject merchandise to unaffiliated buyers in Egypt. If the EC's market for the foreign like product is not viable, NV must be based on sales to a viable third-country market or on CV. "Third-country" refers to a country other than the E.C. or Egypt. Whenever an E.C.'s market is not viable, the Department normally will calculate NV based on sales to a viable third-country market rather than on CV. Nevertheless, the Department may decide to use CV over a viable third-country market in appropriate circumstances. Also note that, in unusual situations, the Department may use a number that is less than or greater than five percent to determine viability.

If the EC market is not viable, the respondent's third-country market sales must be analyzed to determine which market is best suited for NV comparison purposes. The Department must make this decision immediately upon receipt of the response to section A of the anti-dumping questionnaire so the respondent can be advised on how to proceed to answer the NV section(s) of the questionnaire. Only sales to one third-country market may be used. If there is more than one viable third-country market (the same five percent test is applied to each market), the Department generally will use the following criteria to select a third country for calculating NV: (1) the foreign like product exported to the particular third country is more similar to the subject merchandise exported to Egypt than is the foreign like product exported to other countries; (2) the volume of sales to the third country is larger than the volume to other third countries; and (3) such other factors that the Department considers appropriate. It is not necessary for all three criteria to be present in order to justify selection of a particular market.

Consult with your supervisor if there appears to be any question about whether E.C. sales should be reported as the basis for NV for your investigation or administrative review, or if it is necessary to select a third-country market for NV reporting purposes.

B. Exceptions to Basing NV on Prices

One a market is determined to be viable, the sales must be examined to determine if they may be used for NV calculations. In doing this analysis, certain exceptions to

basing NV on prices in an E.C. or third-country market (foreign markets) must be considered. These involve situations where like products are not sold in either usual commercial quantities or in the ordinary course of trade (see section IV for more information on the ordinary course of trade). In addition, there may be "particular market situations" in a foreign market that do not permit a proper comparison with EP or CEP. Although we do not routinely consider them without an allegation by an interested party, "particular market situations" include: (1) where a single sale in a foreign market constitutes five percent of sales to Egypt; (2) where there are such extensive government controls over pricing in a foreign market that prices in that market cannot be considered to be competitively set; and (3) where there are differing patterns of demand in Egypt and a foreign market. Finally, the Department may decline to calculate NV on the basis of prices in a viable E.C. market or third-country market if parties establish to the Department's satisfaction that certain situations in the viable market would not permit a proper comparison of like product prices in that market with EPs or CEPs. Note that if any of the preceding circumstances eliminate all E.C. market sales from consideration, then third-country sales could be considered for NV if there is a viable third-country market. In addition to the above exceptions, affiliated-party sales may not be useable for NV calculations in certain situations (see section XVII for information on when affiliated-party sales can be used to determine NV).

C. Sample Calculation

The following is an example of an E.C. viability calculation for an investigation or administrative review:

There are sales of 11 units of the foreign like product in the E.C. market and sales of 100 units of subject merchandise to Egypt. The E.C. market is viable (11/100 = 11 percent, which is greater than the 5 percent required for viability).

If it is necessary to determine the viability of sales to a third-country market, the same 5 percent test is applied.

II. FOREIGN LIKE PRODUCT

References:

- Law No. 161 for 1998
- Regulation of Law No. 161/1998
  - Article 32 – Normal Value
- Anti-dumping Agreement
  - Article 2.4 – allowances for differences in physical characteristics
  - Article 2.6 – like product definition

A. Types of Comparisons

As we conduct investigations and administrative reviews, we only make comparisons between products sold in the foreign market that can reasonably be compared to the products sold in Egypt. In order to make such comparisons, analysts must acquire substantial technical knowledge about the products, their uses, and the process of manufacture. This knowledge is gathered from submissions by the parties, product

literature such as catalogs and brochures, domestic plant tours, and information from a variety of public sources, including government agencies and trade associations. On some occasions it is necessary to consult with technical experts, who are usually employees of the Department or other government agencies. Always consult with your supervisor if you feel that a technical expert is required.

The preferred basis for NV is the price at which the "foreign like product" is first sold (or, in the absence of a sale, offered for sale) for consumption in an exporting-country (E.C.) or third-country market. The foreign merchandise used to determine NV must be either identical or similar to the merchandise sold to Egypt. The preference is to compare the subject merchandise sold in Egypt to identical articles sold in the E.C. market. When this is not possible, we will compare merchandise which is physically similar to the articles sold in Egypt and adjust for any physical differences in the merchandise (difmer) being compared that affect the price of the merchandise (see section XI for information on how to compute a difmer).

B. Same Person Requirement

If a respondent reports resales of different manufacturers' products, it should be noted that, in determining NV, we can only compare sales of merchandise produced by the same producer or manufacturer. We may not use sales of merchandise produced by persons other than the manufacturer/producer of the particular Egyptian sale or sales being analyzed in our calculation of NV.

C. Identical Merchandise Comparisons

If the respondent made sales in the foreign market of products that are identical in all physical characteristics to all products sold in Egypt and all Egyptian sales can be matched to such sales in the foreign market, we may accept reporting limited to the sales of identical merchandise for the calculation if NV. A foreign market sale of identical merchandise cannot be matched to Egyptian sales if the foreign market sale cannot be considered because it is so unusual as to be outside the ordinary course of trade. It is important to note that just because products sold in Egypt and the foreign markets possess the same matching criteria specified in the anti-dumping questionnaire, it does not necessarily mean that they are identical products. There still may be a need to make a difmer adjustment because some product characteristics may not have been deemed important enough to be considered in formulating the matching criteria, or because some product characteristics were not known at the time the characteristics were formulated. See Part D below for an explanation of the matching criteria in the questionnaire. Consult your supervisor if a respondent requests permission to only report foreign market sales of identical merchandise.

D. Similar Merchandise Comparisons

When products sold to Egypt do no have identical matches in the foreign market, the Department generally requires that all foreign market sales of foreign like products and their complete technical specifications be reported. This allows us to determine which products in the foreign market are most similar to those sold to Egypt. Prior to

issuance of our questionnaire we consider the physical characteristics of the merchandise in order to determine which characteristics should be used as the basis for selecting the most similar products. In an investigation, we may request comments from both the petitioner and respondents regarding which physical characteristics should be given the most weight in analyzing product similarity. In a review, model-matching criteria may have been resolved in the prior segment so this step may not be necessary. Before proceeding with the questionnaire in a review, however, ensure that the product-comparison methodology is clear. If not, a comment period may be appropriate. Based on these comments, we determine the hierarchy of product characteristics that will be used to match products. We may attach this hierarchical list of product characteristics, known as matching criteria, to our questionnaire as an Appendix. In selecting the matching criteria outlined in that Appendix, we seek to ensure that all meaningful differences in physical characteristics are captured to the extent necessary. In addition, our questionnaire asks for information on product characteristics that are not incorporated in that Appendix. If additional characteristics are reported, we analyze the data and determine whether they should be considered for distinguishing identical and similar products during product matching.

As a general rule, we will not consider merchandise to be similar if the difmer adjustment (see Section XI) is greater than 20 percent of the total manufacturing cost of the product sold to Egypt. This percentage is a guideline used to analyze the magnitude of the differences between products. The 20-percent guideline may vary to some degree, given the facts of the particular case and/or the nature of the product involved. Always consult your supervisor anytime difmer adjustments exceed 20 percent. Where we determine that the difmer adjustment is too great, we select a different product as most similar or, if there is no similar match, use constructed value (CV) for NV.

A foreign market product is similar to a product sold to Egypt only if it is sufficiently similar both in terms of the matching criteria and the size of the difmer adjustment. A product may be deemed not similar on the basis of different physical characteristics even if it meets the 20-percent guideline. In particular, merchandise that is sufficiently complex in construction and made to specification may not be considered similar even if it meets the 20-percent guideline. In LNPP from Japan, the U.S. stated that, although the E.C. market was viable, the Commerce Department based NV on CV because it determined that the particular market situation, which required that the subject merchandise be built to each customer's specifications, did not permit proper price-to-price comparisons.

III. DATE OF SALE

References:

Law No. 161 for 1998
Regulation of Law No. 161/1998
Article 36 – Margin of Dumping
Anti-dumping Agreement
Article 2.4.1, footnote 8 – date of sale

One of the most important issues to be resolved in the beginning of an investigation or review is that of the date of sale, since the date of sale controls which Egyptian and exporting country (E.C.) or third-country sales are within the POI or POR. Establishing the date of sale in an investigation is also vital to our determination of whether there is a need to expand the POI for the investigation in order to cover a greater number of Egyptian sales. Date of sale analysis is also performed for our determination of E.C. or third-country market viability. In addition, in investigations where there is substantial price volatility, date of sale gives us a basis of analysis for dividing the POI into two or more weighted-average-price periods. For your information, one of the most common mistakes made by respondents is to consider shipment dates as sale dates.

Generally speaking, the date of sale is the date on which the parties agree upon all substantive terms of the sale. This normally includes the price, quantity, delivery terms and payment terms. In order to simplify the determination of date of sale for both the respondent and the Department, the date of sale will normally be the date of the invoice, as recorded in the exporter's or producer's records kept in the ordinary course of business, unless satisfactory evidence is presented that the exporter or producer establishes the material terms of sale on some other date. In other words, the date of the invoice is the presumptive date of sale, although this presumption may be overcome. An example of a situation where invoice date would probably not be used as the date of sale involves merchandise that requires long lead times for production. Where invoices do not exist, the Department will examine the respondent's records to identify an appropriate date of sale.

The date of sale determination must be made shortly after receipt of the respondent's answer to section A of the anti-dumping questionnaire. Because the proper determination of date of sale is so vital to the successful completion of an investigation or review, you should always consult with your team members and supervisor in establishing dates of sale.

Upon receipt of answers to sections B and C of the questionnaire, you must ensure that the respondent has included the appropriate transactions in the POI or POR.

IV. ORDINARY COURSE OF TRADE

References:

Law No. 161 for 1998
Regulation of Law No. 161/1998
Article 32 – Normal Value
Anti-dumping Agreement
Article 2.2 – reference to ordinary course of trade

Normal value (NV) will be based on sales made in the exporting country or third-country market that are in the "ordinary course of trade." This is defined as the conditions and practices which, for a reasonable time prior to the exportation of the subject merchandise, have been normal in the trade under consideration with respect to merchandise of the same class or kind. That is, sales deemed to be outside the

ordinary course of trade are to be excluded from the calculation of NV. Sales outside the ordinary course of trade include sales disregarded because they were sold at prices below the cost of production and, in calculating cost of production or constructed value, input transactions between affiliated parties that do not fairly reflect market values. Other types of sales may also be considered to be outside the ordinary course of trade. Ordinary course of trade is an NV concept; there is no equivalent provision for disregarding export price (EP) or constructed export price (CEP) sales.

Sales or transactions may be considered outside the ordinary course of trade when based on an evaluation of all the circumstances particular to the sales in question, such sales or transactions have characteristics that are extraordinary for the market in question. Examples of such sales are those involving off-quality merchandise or merchandise produced according to unusual product specifications, merchandise sold at aberrational prices or with abnormally high profits, merchandise sold pursuant to unusual terms of sale, or merchandise sold to an affiliated party at a non-arm's-length price. Sample sales, off-specification sales, and sales through atypical sales channels (such as employee sales) are commonly considered as outside the ordinary course of trade and, thus, excluded from calculating NV.

V. DISCOUNTS AND REBATES

References:

Law No. 161 for 1998
Regulation of Law No. 161/1998
Article 36 – Margin of dumping
Anti-dumping Agreement
Article 2.4 – differences in terms of sale

The Department adjusts reported gross prices for discounts, rebates, and certain post-sale adjustments to price that affect the net price to arrive at the "starting price" for NV (see the "Introduction" section for more information on starting prices). Where these types of price adjustments are granted on a transaction-specific basis, they should be reported on that basis. However, as with selling expenses, the Department allows non-distortive allocations where transaction-specific reporting is not feasible.

A discount is a reduction in the price of the merchandise. Generally, we deduct discounts actually granted by a manufacturer to its home-market or third-country customers from the sales price in order to determine the net return on the sale. Common types of discounts are quantity discounts, early payment discounts, and loyalty discounts (see section X for more information on quantity discounts).

We consider rebates to be discounts granted after the delivery of the merchandise to the customer. If the terms of the rebate are set forth at the time of sale or are understood from past dealings of the parties, we deduct the amount of the rebate. For rebates that are based on aggregate purchases over a fixed period of time, we base the deduction on the level of rebates granted in the most recently completed rebate period. For investigations this could mean that information dating from before the POI may have to be requested. For reviews, information dating from before and after the POR may have to be requested. For investigations, we do not allow rebates that are instituted retroactively after the filing of a petition since such rebates could be

designed to reduce the exporting country market price, which could reduce or eliminate margins.

Discounts and rebates should be reported separately. The aggregating of discounts and rebates usually does not allow us to properly determine the appropriateness of the deductions for the individual discounts and rebates granted.

The following calculation reflects a situation involving an adjustment for a discount. The weighted-average discount is deducted from the weighted-average exporting-country price to arrive at a weighted-average starting price for the calculation of a weighted-average NV.

Wt-Aver E.C. Price	4,000 DM
Wt-Aver Discount	- 400 DM
Wt-Aver Starting Price for NV	3,600 DM

The following U.S. case citations involved various types of discounts and rebates:

In Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol from Taiwan, 61 FR 14604 (March 29, 1996), the Department of Commerce (DOC) disallowed a quantity discount claim on specific transactions because the respondent could not demonstrate that the specific amounts claimed as quantity discounts on specific transactions had any connection to the quantity sold, and because it failed to establish that it gave discounts on a uniform basis, which were made available to substantially all home market customers.
In Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy (June 14, 1996), the DOC denied a rebate adjustment claim that was based on a percentage of pre-determined sales targets because the respondent failed to provide support documentation for the reported amounts at verification.

In Final Results of Administrative Review: Color Picture Tubes from Japan, 52 FR 44171 (November 18, 1987), the DOC verified that a company's customers received the rebates in question. Furthermore, the historical patterns of loyalty rebates provided to the company's customers, measured as a ratio of total rebate payments to total color picture tube sales, showed that the rebates granted were a standard business practice. In Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip from Canada, 51 FR 44319 (December 9, 1986), the DOC verified that the year-end rebate expenses were provided for in the terms at the time of sale and, therefore, were directly related to sales.

VI. PACKING COSTS

References:

- Law No. 161 for 1998
- Regulation of Law No. 161/1998
  - Article 32 – Export Price and Normal Value
- Anti-dumping Agreement
  - Article 2.2.2 – inclusion of "any other costs" in the COP/CV
  - Article 2.4 – allowance for "any other differences" that affect price comparability

Adjustments made for the difference in packing costs between the foreign market sale and the Egyptian sale are made to the foreign market price. We deduct the packing cost for foreign market sales and add the packing cost for sales to Egypt to the foreign market price. Packing costs include materials, labor, and overhead. We prefer to use actual packing costs; however, if an allocation of costs is necessary, the cost of materials should be allocated on the basis of weight or size of the subject merchandise, not on the basis of value. When possible, labor and overhead should be allocated based on the amount of time used to pack the subject merchandise.

When there is additional packing done while the merchandise is in the inventory of an affiliated firm in Egypt prior to sale to the first unaffiliated purchaser (CEP comparison situations), this additional cost is treated as a direct Egyptian selling expense and deducted from the CEP. The cost of additional packing added after importation into the Egyptian market is never added to NV.

The following is an example of a foreign market packing calculation. The calculation is the same for EP and CEP comparisons unless there are Egyptian repacking charges included in the CEP packing charges. If repacking expenses were included in the total CEP packing charges, they would be removed before adding the Egyptian packing expense to the adjusted E.C. price to arrive at the NV. Currency conversions are made at the rates of exchange in effect on the dates of sale for the Egyptian transactions in the comparison pool of sales:

Sample Calculation of NV for Comparisons to EP and CEP in an Investigation:

The weighted-average E.C. packing cost is deducted from the weighted-average E.C. price to arrive at the net weighted-average E.C. price.

Wt-Aver E.C. Price	2,000 lira
Wt-Aver E.C. Packing Cost	- 50 liras
Net Wt-Aver E.C. Price	1,950 lira

Next the net weighted-average E.C. price is converted to a U.S. dollar amount using the weighted-average exchange rate in effect on the dates of Egyptian sales within the comparison pool of subject merchandise sales to which the NV will be compared.

1,950 lira x 0.000624 = $1.22

At this point, the weighted-average Egyptian packing cost (converted from lira) for those Egyptian sales in the subject merchandise comparison pool is added to the net weighted-average E.C. price to arrive at a weighted-average NV.

Wt-Aver Egyptian Packing Cost = 100 lira x 0.000624 = $0.06

Net Wt-Aver E.C. Price	$1.22
Wt-Aver Egyptian Packing Cost	+$0.06
Wt-Aver NV	$1.28

VII. MOVEMENT EXPENSES

References:

Law No. 161 for 1998
Regulation of Law No. 161/1998
Article 32 – Export Price and Normal Value
Anti-dumping Agreement
Article 2.4 – comparisons normally to be made at an ex-factory level

Movement expenses are transportation and other expenses, including warehousing expenses, incurred by the seller after the merchandise leaves the point of shipment in the foreign market. When sales involve unaffiliated resellers (*i.e.*, a person who purchased rather than produced the foreign like product), the price adjustment may only involve movement and related expenses incurred after the goods leave the place of shipment of the reseller. This different treatment is to avoid deduction of expenses that are really part of the reseller's acquisition cost. Other examples of movement expenses include such costs as inland insurance, loading, forwarding, unloading, brokerage, customs duty (third-country comparisons only), and handling. For information on how to handle warehousing expenses that occur prior to shipment, see section VIII.

Movement expenses incurred for freight are usually based on the weight or physical volume of the merchandise. Where possible, we prefer that actual movement expenses for each shipment be reported. When these expenses are reported on an allocated basis because the reporting of actual expenses is not possible, our methodological preference is for the allocation to be made on the basis of the unit weight of the individual products shipped or packed. An allocation will only be accepted if the Department is satisfied that it does not cause inaccuracies or distortions. When a verification is conducted for allocated expenses, the analyst should verify that these expenses (like any expenses that are reported based on an allocation methodology) are reported on as specific a basis as permitted by the company's records, and examine the effect of the allocation on the accuracy of the reported data.

Adjustments for movement expenses for high-inflation economy producers and exporters require special treatment (see section XV for information on why a special adjustment is required and how to compute it).

A sample calculation for the adjustment of an E.C. weighted-average price for movement expenses is shown below. The NV calculation is the same for Egyptian EP and CEP comparisons.

The weighted-average E.C. inland freight and insurance are deducted from the weighted-average E.C. price to arrive at a weighted-average price to which other adjustments will be made to arrive at a weighted-average NV (see section VIII).

Wt-Aver E.C. Price	5,775 lira
Wt-Aver E.C. Inland Freight Cost	-75 lira
Wt-Aver E.C. Insurance Cost	-50 liras
Wt-Aver Price Ready for Additional Adjustments	5.650 lira

Where costs for movement expenses are based on affiliated-party transactions, we test whether they represent arm's-length transactions by comparison to unrelated expenses, or to the actual costs incurred by the affiliated party (see section XVII for information on affiliated parties).

VIII. DIFFERENCES IN CIRCUMSTANCES OF SALE

References:

Law No. 161 for 1998
Regulation of Law No. 161/1998
Article 32 – Export Price and Normal Value
Anti-dumping Agreement
Article 2.4 – differences in conditions and terms of sale

A. Overview

When making EP and CEP comparisons to NV, we attempt to calculate comparison amounts on as near an equivalent basis as possible. In doing this we take into account certain differences in directly related selling expenses, assumed expenses, and other selling expenses incurred in the markets (Egyptian and foreign) under consideration. Thus, we recognize the fact that sellers incur different costs based on differences in selling conditions in their respective markets. We refer to these direct expense adjustments as adjustments for differences in circumstances of sale (COS). Parts B through H contain information on the most common COS adjustments that you will encounter in doing a dumping analysis. These adjustments are made after adjustments are made for discounts and rebates and movement expenses referred to in sections V and VII. Check with your supervisor if claims are made for other categories of COS adjustments.

COS adjustments consist of the following items: 1) direct selling expenses such as commissions, credit expenses, and warranties that result from and bear a direct relationship to the particular sale in question (warranties are included even though the expense cannot be tied to a particular sale because of the lapse of time between sale and expense. Yet it is inescapable that had there been no sales, there would have been no warranty expense); 2) assumed expenses, which are selling expenses that are assumed by the seller on behalf of the buyer, such as advertising expenses; 3) reasonable allowance for other selling expenses when commissions are paid in one market under consideration but not the other market under consideration. The amount of such allowance for other selling expenses is limited to the amount of indirect selling expenses incurred in the one market or the amount of commission allowed in the other market, whichever is less. In deciding what allowances will be made for COS expenses, we consider the cost of the differences to the exporter or producer, but, if appropriate, we may also consider the effect of such differences on the market value of the merchandise.

All other selling expenses are what we consider indirect or non-variable expenses. These expenses are incurred regardless of whether sales are made. It is extremely important that direct and indirect selling expenses are properly identified since the classification of individual expenses will substantially affect the outcome of our

comparisons of EP and CEP to NV (see part H and section IX for more information on indirect selling expenses and how they are accounted for in the calculation of margins). It is important to note that, in the calculation of NV, the Department treats a selling expense as an indirect expense unless a respondent interested party establishes that the expense is direct in nature.

Remember that any interested party claiming an adjustment must establish the claim to our satisfaction. Also, no claimed adjustment can be double-counted in our calculations.

1. COS Adjustment Scenarios

   The following dumping comparison scenarios show the manner in which adjustments for COS are made. These examples illustrate calculations in investigations, which typically involve weighted-average Egyptian prices and expenses. For the purpose of illustration, all of the COS adjustments (except for commissions – see part H) that are explained in this section are included for each scenario. No additions are made for weighted-average, Egyptian packing costs (see section VI for information on how to make a packing cost adjustment). Note that most COS adjustment situations that you will encounter will only involve some of these categories of adjustments. You may also find that an individual adjustment category only pertains to the NV, EP, or CEP.

   - EP Scenario

     When comparing EP to NV, we make the adjustments for differences in COS by deducting weighted-average expenses incurred on sales in the like product comparison pool in the EC from weighted-average EC prices for sales of products in the like product sales comparison pool, and adding the weighted-average COS expenses incurred on the sales in Egypt in the subject merchandise comparison pool to the weighted-average EC price after it is converted to U.S. dollars. Conversion to U.S. dollars is made at the weighted-average exchange rates in effect for the dates of sale of the merchandise in the Egyptian subject comparison pool. This calculation gives us the weighted-average NV.

     The following calculation illustrates this procedure starting with the weighted-average EC price:

     Wt-Aver EC Price
     - Aver EC Credit Cost
     - Wt-Aver EC Advertising Cost
     - Wt-Aver EC Technical Services Cost
     - Wt-Aver EC Pre-Shipment Warehousing Cost
     - Wt-Aver EC Warranties Cost
     - Wt-Aver EC Royalties Cost
     = Adjusted Wt-Aver EC Price

The adjusted weighted-average EC price is converted to U.S. dollars. Next, the weighted-average Egyptian COS amounts are added to the adjusted weighted-average EC price to arrive at the weighted-average NV.

Adjusted Wt-Aver EC Price
+ Wt-Aver Egyptian Credit Cost
+ Wt-Aver Egyptian Advertising Cost
+ Wt-Aver Egyptian Technical Services Cost
+ Wt-Aver Egyptian Pre-Shipment Warehousing Cost
+ Wt-Aver Egyptian Warranties Cost
+ Wt-Aver Egyptian Royalties Cost
= Wt-Aver NV

- CEP Scenario

In comparisons involving CEP, we deduct weighted-average direct and assumed expenses for selling activities in Egypt incurred in selling the product in the Egyptian subject merchandise comparison pool from the weighted-average Egyptian sales price for merchandise in the subject merchandise sales comparison pool. (In administrative reviews, we use individual Egyptian sales, not weighted-average Egyptian sales.) These deductions include an allocated amount for profit.

Nest we deduct the weighted-average EC COS expenses from the weighted-average EC price for sales in the like product comparison pool. Note that, in addition, under some circumstances we add certain Egyptian selling expenses to NV as we do for EP comparisons. Because we do not deduct all selling expenses in calculating CEP, direct and assumed expenses related solely to a sale to an affiliated Egyptian importer are not deducted from the Egyptian price, but will be added to NV as a COS adjustment. This gives us the weighted-average NV. Profit is never allocated to EC COS expenses.

The following sample calculation illustrates this procedure starting with the weighted-average Egyptian sales price:

Wt-Aver Egyptian Sales Price
- Wt-Aver Egyptian Credit Cost
- Wt-Aver Egyptian Advertising Cost
- Wt-Aver Egyptian Technical Services Cost
- Wt-Aver Egyptian Pre-Shipment Warehousing Cost
- Wt-Aver Egyptian Warranty Cost
- Wt-Aver Egyptian Royalty Cost
= Wt-Aver CEP

Wt-Aver EC Price
- Wt-Aver EC Credit Cost

- Wt-Aver EC Advertising Cost
- Wt-Aver EC Technical Services Cost
- Wt-Aver EC Pre-Shipment Warehousing Cost
- Wt-Aver EC Warranty Cost
- Wt-Aver EC Royalty Cost
= Wt-Aver NV

- Constructed Value (CV) Scenario

  We also make adjustments for differences in COS when the NV is based on CV. When we use CV because there are no sales in the EC at prices above COP in a like product sales comparison pool you will not have information for COS adjustments for this pool. Accordingly, if available, you will have to calculate the weighted-average COS expenses to deduct from the CV based on all above-cost sales of the foreign like product in other EC sales comparison pools (all remaining above-cost like-product sales). In situations where CV is used because there are no EC or third-country sales of like products, you must check with your supervisor to determine how to calculate COS adjustment amounts that will be deducted from the CV. The way you make your CV adjustments for COS will depend on whether the Egyptian sale is EP or CEP.

  The following sample calculation illustrates the adjustment procedure for a CV when Egyptian EP sales are involved:

  Unadjusted CV (materials, labor, selling and SG&A, profit, and Egyptian packing expense)

- Wt-Aver EC Advertising Cost
- Wt-Aver EC Technical Services Cost
- Wt-Aver EC Pre-Shipment Warehousing Cost
- Wt-Aver EC Warranty Cost
- Wt-Aver EC Royalty Cost
= CV adjusted for EC COS expenses

+ Wt-Aver Egyptian Credit Cost
+ Wt-Aver Egyptian Advertising Cost
+ Wt-Aver Egyptian Technical Services Cost
+ Wt-Aver Egyptian Pre-Shipment Warehousing Cost
+ Wt-Aver Egyptian Warranty Cost
+ Wt-Aver Egyptian Royalty Cost
= CV(NV)

Note that the adjustment of the CV for EP weighted-average COS amounts follows the same procedure used in calculation of an NV in an EP price-to-price situation, *i.e.*, the Egyptian COS amounts are added to the CV after the CV is adjusted for EC COS amounts (see the EP price-to-price example above).

The following sample calculation illustrates the adjustment procedure for CV when Egyptian CEP sales are involved:

Unadjusted CV
- Wt-Aver EC Advertising Cost
- Wt-Aver EC Technical Services Cost
- Wt-Aver EC Pre-Shipment Warehousing Cost
- Wt-Aver EC Warranty Cost
- Wt-Aver EC Royalty Cost
= CV (NV)

Note that, in general, no further adjustments are made to the CV to arrive at NV. As is the case in Egyptian CEP price-to-price comparisons, adjustments for most Egyptian direct and assumed expenses are deducted from the starting price. See the CEP price-to-price example above.

2. Adjustments for Actual or Allocated COS Expenses

Examples of various types of COS expense categories and our treatment of these categories are discussed in parts B through H below. These examples cover the expenses that are generally adjusted for in calculating EP, CEP, and NV. Other categories of COS expenses may need to be adjusted for based on the specific practices of the industry subject to the proceeding. We prefer that these claims for adjustments be based on actual costs incurred on individual sales made during the POI or POR. However, we will allow companies to allocate these POI or POR expenses when transaction-specific reporting is not feasible, providing that the allocation methodology used does not cause inaccuracies or distortions.

The following sample calculations illustrate calculations for actual and allocated COS expenses:

Actual Expenses

Unit price	$100.00
Quantity sold in one sales transaction	5,000 pieces
Bank charges related to processing a letter of Credit for this sale	$12,575.00
Total sales value for this sale	$500,000.00

Ratio of bank charges to total sales value = $12,575/$500,000 = 0.02515
Actual bank charges on a per-unit basis = $100 x 0.02515 = $2.52

Allocated Expenses

Unit price for sale on May 12, 1996 to customer A	$92.55
Unit price for sale on Aug. 16, 1996 to customer B	$96.45

Quantity of units sold to customer A on 5/12/96	6,000 pieces
Quantity of units sold to customer B on 8/16/96	10,000 pieces
Total bank charges related to these two sales	$19,750.00
Total sales value for these two sales	$1,519,800.00

Ratio of total bank charges to total sales = $19,750/$1,519,800 = 0.0130

Allocated bank charges on a per-unit basis for customer A = 0.0130 x $92.55 = $1.20

Allocated bank charges on a per-unit basis for customer B = 0.0130 x $96.45 = $1.25

B. Credit

The most common adjustment for COS differences is for differences in credit costs. This adjustment is necessary because there is usually a period of time between the shipment of merchandise to a customer and payment for the merchandise. This period of time usually varies in the respective markets. It is important to note that an adjustment for imputed credit expense is made even if the exporter does not actually have to borrow funds to carry its accounts receivable. This adjustment is required to account for the opportunity cost associated with the loss of the use of the monies involved. Our preference is to use actual credit cost information if it is available. If actual expenses are not available, we impute the cost of credit by determining the number of days payment is outstanding and the interest rate the company paid, or would have paid, if it borrowed the same money (*i.e.*, the same amount in the same currency) to finance its accounts receivable. In determining the number of days payment is outstanding, we look at the actual payment date, not at the nominal period between shipment and payment, because payment is often made later than provided for in the terms of sale. Our preference is to obtain this information on a sale-by-sale basis. However, where this imposes too great a burden on a respondent, we can accept reporting of the average number of days for which each customer's payments were outstanding on the basis of an analysis of accounts receivable turnover.

We use short-term interest rates for the currency of the transaction in computing imputed credit expenses. The Department's practice should be to match the denomination of the interest factor to the denomination of the receivables. The first choice in determining interest rates is to use the short-term rates actually experienced by the respondent in borrowing funds in the currencies involved during the POI. If the respondent had no short-term borrowings, our preference should be to use Egyptian prime for Egyptian currency transactions and LIBOR+ rates for foreign currency transactions. When these rates are not available, see your supervisor for possible alternatives.

Imputed credit costs are calculated by dividing the number of days between shipment and payment by 365, then multiplying by the interest rate and unit price. If a firm uses 360 as the credit base rather than 365 days, we divide the number of days by 360. Where possible we calculate the exact credit costs on an individual shipment basis. In all instances where the respondent provides shipment and payment dates, we use this information to calculate the actual number of days credit is outstanding. In cases where the sales reported to the Department have not yet been shipped or paid for, we calculate an average number of days based on the reported data and apply the

calculated average for the customer for these sales. In cases where the sales have been shipped, but are unpaid, use the date of the preliminary determination, if there is one, for the preliminary determination, and the date of the final determination for the final determination as the payment date.

Note that in cases where the sales are paid for prior to shipment we use the exact same formula, and we add the amount for "negative credit expense."

Sample calculations for EC and Egyptian imputed credit COS adjustments follow:

EC Sale

Date of shipment	October 1, 1995
Date of payment	January 22, 1996
Number of days	112
Interest rate	10.5% per year
Price per unit	250,000 yen

Calculation: 112/365 x .105 x 250,000 = 8054.9 yen per year per unit

Egyptian Sale

Date of shipment	October 10, 1995
Date of payment	October 31, 1995
Number of days	21
Interest rate	3% per year
Price per unit	$1500.00

Calculation: 21/365 x 1500.00 = $2.59 per year per unit

See the appropriate illustrative dumping comparison scenario shown in part A to determine how to make a COS adjustment for credit terms.

When a company is required to maintain deposits in order to borrow funds, the net cost of maintaining deposits is used in the calculation of credit costs. The adjustment to interest expense is made only when the respondent can demonstrate that the deposit is a requirement for obtaining the loan.

C. Advertising and Sales Promotion

Most advertising expenses are aimed at the customer of the producer or exporter and as such they are not adjusted for as COS adjustments because they are considered indirect in nature (see section IX for how to address indirect selling expenses). Advertising and sales promotion expenses can, however, be "assumed" by the producer or exporter on behalf of its customer. If this is the case, a COS adjustment is warranted. The most common types of assumed advertising expenses are consumer-advertising costs paid for totally by the producer and cooperative (co-op) consumer advertising which is paid for jointly by the producer and first unaffiliated purchaser and aimed at customers of the first purchaser.

When considering claims for COS adjustments for assumed media advertising costs, we examine specific examples of the advertisements and the media in which the ads are placed. The advertising must be directed toward the specific product under investigation. The following examples are illustrative of different advertising scenarios that you may encounter and what the Department's position would be on allowing an adjustment: 1) we disallow COS claims for advertising in trade journals when the sales under consideration are directly to an end-user because there is no further sale of the merchandise by the end user; 2) trade journal advertising expenses would be adjusted for as a COS if the sales under consideration were to distributors and the advertisements in the trade journal were aimed at retailers; 3) we make a COS adjustment for consumer advertising expenses when they involve sales made to distributors and/or retailers and the final sales of the merchandise are to consumers. These types of advertisements are usually placed in general circulation magazines, in newspapers, on television, or other broadcast media.

Another type of assumable expense involves sales promotional materials. These materials often take the form of free giveaway merchandise supplied by the exporter to be given away to its customers' customers. In order to qualify for a COS adjustment, promotional materials must directly reference the merchandise under consideration. Examples of giveaway merchandise would be athletic bags, t-shirts, and key chains. If these types of costs do not qualify as assumable, they would be considered indirect selling expenses.

Many advertisements cover a variety of products sold by a manufacturer. When these are aimed at a secondary purchaser, we allocate the associated expenses on the basis of the portion of the advertisement specifically directed at the merchandise under consideration. For example, if a consumer electronic manufacturer places an advertisement in a general circulation magazine that shows televisions, video recorders and compact disc players, we would determine the portion of the advertisement covering each product and allocate the cost of placing the ad in the magazine across product lines. Only the portion allocated to the product under consideration would be included in an adjustment for differences in advertising.

Sample calculations for EC and Egyptian assumed advertising expenses follow. In both calculations only the portion of advertising aimed at secondary purchasers of the product is allowable as a COS adjustment. The remainder of the advertising expenses would be considered indirect selling expenses.

EC Sales

Total EC advertising costs claimed	100,000 DM
Portion determined aimed at secondary purchasers	40,000 DM
Units sold = 1,000	
Allowable COS adjustment amount =	40,000 DM

Calculation: 40,000 DM/1,000 units = 40 DM per unit

Egyptian Sales

Total Egyptian advertising costs claimed	$150,000
Portion determined aimed at secondary purchasers	$ 75,000
Units sold = 15,000	
Allowable COS adjustment amount =	$ 75,000

Calculation: $75,000/15,000 units = $5.00 per unit

See the appropriate illustrative dumping comparison scenario in part A to determine how to make a COS adjustment for advertising.

D. Technical Services

Another area of claims for adjustments for differences in COS is technical service expenses. These claims are particularly common in cases where the merchandise under investigation or review is sold to an industrial user. Such claims are usually made for services involving the use of an industrial material in a manufacturing process or the operation of machinery. Where technical services are rendered as part of a sales agreement, all, or some portion of them, may constitute COS expenses. Many claims, however, relate to services provided for purposes of determining new uses for a product in future production. Such services are considered to constitute goodwill or sales promotion and as such the expenses are not considered directly related to the sales under consideration.

Claims for technical services rendered in assisting the customer in solving problems with products purchased are adjusted for as COS to the extent that the variable costs can be segregated from the fixed costs. The allowable variable costs are usually travel expenses and contracted services by unaffiliated technicians, as these expenses would not have been incurred if the sales in question had not been made. Salaries of technicians employed by the exporter usually would not be allowed as a COS adjustment because they are usually fixed costs which are incurred whether or not the sales are made. Therefore, they are usually indirect selling expenses (see section IX to determine how to treat indirect selling expenses in the calculation of NV).

Sample calculations for determining the differences between EC and Egyptian technical service expenses are shown below. In each instance the portion of the claimed expenses that is allowed as a COS adjustment covers variable expenses only, *i.e.*, travel and material expenses. Salary expenses are not allowed as a COS adjustment because they are usually indirect expenses, *i.e.*, they are paid even if sales are not made.

EC Sales

Total technical service expenses claimed	500,822.00 pesos
Breakdown of expenses claimed:	
Salaries	250,000.00 pesos
Travel	200,000.00 pesos
Materials used	50,822.00 pesos

Units sold = 40,000

Allowable COS adjustment amount is for travel and materials used, *i.e.*, 250,822 pesos

Calculation: 250,822 pesos/40,000 units = 6.27 pesos per unit

Egyptian Sales

Total technical service expenses claimed	$20,000.00
Breakdown of expenses claimed:	
Salaries	$13,000.00
Travel	$ 7,000.00
Units sold = 20,000	
Allowable COS adjustment amount is for travel Expenses only	$ 7,000.00

Calculation: $7,000/20,000 units = $0.35 per unit

See the appropriate illustrative dumping comparison scenario shown in part A to determine how to make a COS adjustment for technical service expenses.

E. Warehousing

Respondents will sometimes claim COS adjustments for differences in pre-shipment warehousing costs incurred at the place of production (or, in the case of a reseller, the place of shipment). The Department treats these expenses as directly related to the sales under consideration when the respondent can establish that it holds specific merchandise in inventory exclusively for a particular customer (see section VI for information on price adjustments for warehousing expenses that occur after the merchandise leaves the place of production/shipment).

Pre-shipment warehousing expenses that cannot be classified as direct selling expenses can be classified as indirect selling expenses. See section IX for information on how to treat indirect selling expenses in the calculation of NV.

A sample calculation for an EC COS adjustment for differences in pre-shipment warehousing expenses is shown below. The total amount of the claim is allowable because all merchandise is designated for individual purchasers as it is placed in pre-shipment warehouse inventory. If the merchandise were placed in pre-shipment general inventory, these expenses would be considered indirect selling expenses.

EC Sales

Total pre-shipment warehousing expenses claimed	1,000,000 francs

Breakdown of warehoused merchandise

set aside for specific customers

Like product	40,000,000 francs
Other products	20,000,000 francs
Units sold = 5,000	

Allowable COS adjustment amount = 1,000,000 francs

Calculation: 40,000,000/40,000,000 + 20,000,000 x 1,000,000 = 667,000 francs—667,000/5,000 units = 133.4 francs per unit

Egyptian Sales

There are normally no pre-shipment warehousing claims for the Egyptian market.

See the appropriate illustrative dumping comparison scenarios shown in part A to determine how to make a COS adjustment for warehousing expenses.

It is possible to have a situation where post-shipment warehousing is of a pre-sale nature. In this situation these expenses would be deducted as part of movement charges (see section VII).

F. Warranties and Guarantees

COS adjustments for differences in warranty and guarantee expenses are allowed provided that they are directly related to the sales under consideration. These expenses are usually based on the cost of repairing or replacing a defective item. If a claim for warranty costs includes after-sale services, the non-variable expenses connected with the servicing would be treated as indirect selling expenses. These types of expenses would probably include the salaries of service personnel if they were employed by the exporter (see section IX to determine how to treat indirect selling expenses in the calculation of NV).

Since many warranties and guarantees extend over a period of time that is longer than the POI or POR because complete information is not available at the time the questionnaire response is received, we often base our calculation of per-unit warranty costs on a weighted-average of the annual amounts for warranty expenses for the three years prior to the POI or POR. If an individual year's expenses included in the three-year historical period appear to be aberrational, they can be discarded from the calculation. When POI or POR warranty information reflects historical experience, then actual warranty information should be used. Where possible, we consider historical or actual data on a model-by-model basis. The historical granting of warranties can be used to establish a link to the sales under consideration in the absence of warranty terms in a sales agreement.

Sample calculations for EC and Egyptian COS adjustments for differences in warranty expenses are shown below. In these examples, expenses covering the past three calendar years are used because total warranty expenses are not available for the POI or POR. The technicians' salaries are not allowable as COS adjustments because

the producer pays these salaries even if sales are not made. The salaries would be considered indirect selling expenses.

EC Sales	
Total claimed warranty expenses	1.2% of sales value for the past three calendar years
Breakdown of expenses:	
Replacement costs	0.9% of sales value for the past three calendar years
Salaries of technicians	0.3% of sales value for the past three calendar years
Allowable COS expenses	0.9%
Calculation for COS adjustment:	
Unit price =	275 francs
Per-unit allowance = 275 x 0.009 =	2.475 francs
Egyptian Sales	
Total claimed warranty expenses	1.1% of sales value for the past three calendar years
Breakdown of expenses:	
Replacement costs	1.1% of sales value for the past three calendar years
Salaries of technicians	none
Allowable COS expenses	1.1%
Calculation for COS adjustment:	
Unit price =	$10.50
Per-unit allowance = $10.50 x 0.011 =	$0.1155

See the appropriate illustrative dumping comparison scenarios in part A to determine how to make a COS adjustment for warranty and guarantee expenses.

G. Royalties

Manufacturers and sellers incur royalty expenses when selling merchandise that is produced under license from another company. Such licenses involve merchandise that is subject to patent or trademark restrictions. The royalties are paid pursuant to agreements, and are usually product-specific. We consider the terms of the agreement in allocating royalty expenses. If the payments are directly related to the sales under

consideration, we treat them as direct selling expenses and adjust for them as a difference in circumstances of sale.

Sample calculations for EC and Egyptian COS adjustments for royalty expenses are shown below. In both instances, the claims are allowed in full because payments under both agreements are made only if the merchandise is sold. If the agreements called for a flat fee payment at the beginning of the year regardless of whether sales are made, the expenses would be considered indirect selling expenses (see section IX for information on how to handle indirect selling expenses).

EC Sales

The royalty agreement calls for a five-percent payment based on the DM 10.00 sales price of the product. The claim for a COS adjustment is for the full five-percent amount. The allowable COS adjustment amount for the royalty is DM 10.00 x .05 = DM 0.5 per unit.

Egyptian Sales

The royalty agreement calls for a flat fee of $0.50 for every item sold. The claim for a COS adjustment is the full $0.50 per unit. The allowable COS adjustment for the royalty is $0.50 per unit.

See the appropriate illustrative dumping comparison scenarios shown in part A to determine how to make a COS adjustment for royalty expenses.

H. Commissions

Commissions are payments to parties providing services that relate to the sale of merchandise. The commission amount is usually set forth in an agreement between the manufacturer and the selling agent. The services provided by a selling agent may vary from the level of minimal services in facilitating communication to substantive services including maintaining inventory and providing support in all areas of the sales transaction. Selling agents may be employees of a company, affiliated companies, or independent persons or firms providing the services required. Because the treatment of commissions is one of the most complex areas of our analysis, you must always check with your supervisor to determine whether commission deductions will be allowed, and the current methodology employed in calculating them.

We sometimes treat commissions paid to affiliated companies or employees and unaffiliated persons differently. In addition, we adjust for commissions differently depending on whether we are using EP or CEP as the basis for calculating a price to Egypt. We normally treat commissions paid to employees as direct selling expenses. In the U.S. case Final Determination of Sales at Less Than Fair Value: Industrial Forklift Trucks from Japan, 53 FR 12552 (April 15, 1988), the DOC verified that the company paid bonuses to individuals and to its dealer's employees who introduced new customers. Because the payments were actual expenditures made by the firm resulting from specific sales and were not intra-company transfers, the DOC treated the payments as home market sales commissions. Deductions from a CEP starting

price will normally be the expenses incurred by an affiliated party, not the payments to such a party.

Affiliated-party commissions are allowable as COS adjustments if they are at arm's-length and tie directly to sales. There are guidelines to determine whether adjustments should be made for affiliated-party commissions paid in either Egypt or the foreign market. Accordingly, to determine whether commissions paid to affiliated parties are at arm's-length, we undertake the following analysis, as appropriate:

1) Compare the commissions paid to the affiliated selling agents to those paid by the respondent to any unaffiliated selling agents in the same market (exporting or Egyptian) or in any third-country market.

2) In cases where there is not an unaffiliated sales agent, compare the commission earned by the affiliated selling agent on sales of merchandise produced by the respondent to commissions earned by the affiliated selling agent on sales of merchandise produced by other unaffiliated sellers or manufacturers.

In appropriate circumstances we will also examine the nature of agreements or contracts between the manufacturer(s) and selling agent(s) which establish the framework for payment of commissions and for services rendered in return for payment in order to ensure that both affiliated and unaffiliated agents perform approximately the same services for the commission. If we find the commissions to be at arm's length and directly related to the sale, we will make an adjustment for these commissions.

Examples of U.S. decisions made regarding commissions from the coated ground wood paper investigations are illustrated in the extracts from the final determinations indicated below:

In CGP Finland the DOC found that none of the respondents used unrelated commissionaires to sell the subject merchandise in the United States. The fact that these commission arrangements were in writing was not, in itself, an appropriate standard against which to measure the arm's-length nature of the transaction. Therefore, because the DOC had no appropriate benchmark against which to test the arm's-length nature of the commission arrangements, the DOC was not satisfied that these payments were at arm's-length. Accordingly, it did not adjust for them.

In CGP Germany the DOC found that the related-party commissions between one company and its related U.S. agent were arm's-length transactions and directly related to the sales under investigation. During verification the DOC examined the contracts establishing the commission relationship between the related companies, and verified that these commissions were earned at the time a sale occurred. Furthermore, the related U.S. agent received a comparable commission rate for sales in the U.S. market of CGP from unrelated manufacturers of CGP. Therefore, the DOC deducted from the U.S. price the commission the related manufacturer paid to its related U.S. agent.

In another case, to determine whether a claim for a commission paid to an unrelated party was a *bona fide* commission, the DOC looked at commission agreements that

existed during the POI. The commission agreements set forth the basis for paying the commission and established the amount to be paid. The DOC verified that no commission agreement existed between the parties involved. Further, the DOC was unable to verify that any service was provided for the alleged commission. Absent evidence to the contrary, the DOC treated the amounts in question as a discount and deducted the amounts from the selling price (see Final Determination of Sales at Less Than Fair Value: Color Picture Tubes from the Republic of Korea, 52 FR 44186 (November 18, 1987)).

For EP comparisons involving commissions on sales in both the Egyptian and EC markets, an adjustment is made to the weighted-average EC price for sales in the like merchandise comparison pool by deducting the weighted-average EC commission for sales in the like merchandise pool and adding the weighted-average Egyptian commission from the subject merchandise sales comparison pool (for administrative reviews you are dealing with individual Egyptian sales so the Egyptian commission will be the commission amount associated with the individual Egyptian sale) to arrive at a weighted-average NV. For CEP comparisons involving commissions in both the Egyptian and EC markets, the weighted-average commission amounts (for selling actions in Egypt) are deducted from the weighted-average Egyptian sales price (for reviews you are dealing with an individual Egyptian sale and the commission associated with that sale) and the weighted-average EC sales price, respectively. See below if there is a significant imbalance in the amounts of commission for the sales in the Egyptian and EC merchandise comparison pools.

Where there is a commission paid in one market and none in the other market, we offset the commission with indirect selling expenses incurred in the other market to the extent of the lesser of the commission or the indirect selling expenses. In offsetting a weighted-average Egyptian commission for sales in the subject merchandise comparison pool (or for the commission associated with an individual Egyptian sale for an administrative review) when comparisons involve EP, we apply the offset by increasing the weighted-average EC price for sales in the like product comparison pool by the amount by which the weighted-average Egyptian commission (the commission associated with the individual Egyptian sale in a review) exceeds the EC indirect selling expenses in the like product sales comparison pool, if any. Nothing is added if the EC indirect selling expenses exceed the Egyptian commissions. If there are EC commissions in the sales comparison pool and none on sales in the EP sales comparison pool (or individual Egyptian in a review), we offset the weighted-average EC commission by deducting it from the weighted-average EC price and then adding weighted-average Egyptian indirect selling expenses (in reviews, the sale-specific allocated indirect selling expense), up to the amount of the weighted-average EC commission. If no Egyptian indirect selling expenses or, if appropriate, EC indirect selling expenses, are reported, check with your supervisor to determine how to make the required offset.

In investigations with comparisons involving commissions on CEP sales but none on EP sales, we deduct the weighted-average commission paid for selling activities in Egypt for sales in the subject merchandise comparison pool (for the individual Egyptian sale for reviews) from the weighted-average Egyptian selling price for pool merchandise (individual Egyptian sale price for reviews) to arrive at the weighted-average CEP for the subject merchandise comparison pool. We then offset the

Egyptian commission for the EC like product comparison pool of sales by deducting weighted-average indirect selling expenses (same for reviews) up to the amount of the Egyptian commission (this is referred to as "capping" the deduction) from the weighted-average EC sales price to arrive at the weighted-average NV. For comparisons involving commissions on EC sales but none for Egyptian CEP sales, we deduct the weighted-average EC commission from the weighted-average EC price for sales in the like product comparison pool. In calculating weighted-average CEP (or an individual CEP sale in reviews), all Egyptian indirect selling expenses are deducted from the weighted-average Egyptian sales price (the individual Egyptian sale price for reviews). There is no cap on this deduction since all Egyptian indirect selling expenses are deducted in calculating CEP.

Sample calculations for adjustments for differences in commissions and offsets for commissions in comparisons involving EP and CEP sales are given below. For ease of understanding, all amounts shown are in U.S. dollars. Also, remember that while we calculate weighted-average EPs and CEPs in investigations, we rarely do so in reviews. Accordingly, all references to weighted-average Egyptian amounts in the following examples should be read as individual Egyptian sale amounts if you are doing an administrative review.

The following are examples of commission offsets involving EP sales:

1) If the total amount of commissions for sales in the merchandise comparison pools for both the weighted-average Egyptian price and weighted-average EC price is not significantly different, you should subtract the weighted-average EC commission from the weighted-average EC price, and add the weighted-average Egyptian commission to the weighted-average EC price to arrive at a weighted-average NV. See below if there is a significant imbalance between the total amounts of commissions in the two markets.

Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 10	Wt-Aver EC Price	=13
Wt-Aver Egyptian Commission	= 4	Wt-Aver EC Commission	= 3

NV Calculation = 13 (Wt-Aver EC Price) – 3 (Wt-Aver EC Commission) + 4 (Wt-Aver Egyptian Commission) = Wt-Aver NV of 14

2) If all or a portion of the sales in the Egyptian subject merchandise comparison pool have commissions included and sales in the EC comparison pool do not, subtract weighted-average EC indirect selling expenses capped by the weighted-average Egyptian commission from the weighted-average EC price, and add the weighted-average Egyptian commission to the weighted-average EC price to arrive at the weighted-average NV.

Egyptian Sales EC Sales

Wt-Aver Egyptian Price	= 10	Wt-Aver EC Price	= 13
Wt-Aver Egyptian Commission	= 4	Wt-Aver EC Indirect Selling Expenses	= 4

NV Calculation = 13 (Wt-Aver EC Price) – 4 (Wt-Aver EC Indirect Sell Exp) + 4 (Wt-Aver Egyptian Commission) = Wt-Aver NV of 13

3) If sales in the Egyptian subject merchandise comparison pool do not have commissions and all or some portion of the sales in the EC like product comparison pool do, you subtract the weighted-average EC commission from the weighted-average EC price, and add the weighted-average Egyptian indirect selling expenses capped by the EC commission to the weighted-average EC price to arrive at a weighted-average NV.

Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 10	Wt-Aver EC Price	= 13
Wt-Aver Egyptian Indirect Selling Expenses	= 3	Wt-Aver EC Commission	= 3

NV Calculation = 13 (Wt-Aver EC Price) – 3 (Wt-Aver EC Commission) + 3 (Wt-Aver Egyptian Indirect Sell Exp) = Wt-Aver NV of 13

The following are examples of commission offsets for CEP transactions:

1) If the total amount of commissions for Egyptian CEP sales and EC market sales is not significantly different, you subtract the weighted-average commissions from the weighted-average Egyptian sales prices and EC sales prices, respectively. See below if there is a significant imbalance in the amounts of commissions between the markets.

Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 30	Wt-Aver EC Price	= 42
Wt-Aver Egyptian Commission	= 4	Wt-Aver EC Commission	= 3.9

CEP and NV Calculation = 30 (Wt-Aver Egyptian Price) – 4 (Wt-Aver Egyptian Commission) = Wt-Aver CEP of 26 and 42 (Wt-Aver EC Price) – 3.9 (Wt-Aver EC Commission) = Wt-Aver NV of 38.1

2) If the weighted-average Egyptian price has a commission and the weighted-average EC price does not, deduct the weighted-average Egyptian commission from the weighted-average Egyptian price to arrive

at the weighted-average CEP. You then deduct weighted-average EC indirect selling expenses capped by the amount of the weighted-average Egyptian commission. You must consult with your supervisor if an indirect selling expense offset for level of trade is also involved in your calculation.

Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 30	Wt-Aver EC Price	= 42
Wt-Aver Egyptian Commission	= 4	Wt-Aver EC Indirect Selling Expenses	= 11

CEP and NV Calculation = 30 (Wt-Aver Egyptian Price) – 4 (Wt-Aver Egyptian Commission) = Wt-Aver CEP of 26 and 42 (Wt-Aver EC Price) – 4 (Capped Wt-Aver EC Indirect Sell Exp) = Wt-Aver NV of 38

3) If the weighted-average Egyptian price has no commission and the weighted-average EC price does, you deduct the weighted-average EC commission from the weighted-average EC price to arrive at NV. You then deduct all weighted-average Egyptian indirect selling expenses from the weighted-average Egyptian price. The deduction of Egyptian indirect selling expenses is not capped because all Egyptian indirect selling expenses are deducted in computing CEP.

Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 30	Wt-Aver EC Price	= 42
Wt-Aver Egyptian Indirect Selling Expenses	= 6	Wt-Aver EC Commission	= 3

CEP and NV Calculation = 30 (Wt-Aver Egyptian Price) – 6 (Wt-Aver Egyptian Indirect Sell Exp) = Wt-Aver CEP of 24 and 42 (Wt-Aver EC Price) – 3 (Wt-Aver EC Commission) = Wt-Aver NV of 39. There is no cap on the deduction of Egyptian selling expenses.

If you have an EP or CEP situation where only a portion of the sales involve a commission and significantly more total commission is paid on sales in the Egyptian subject merchandise comparison pool than on sales in the EC like merchandise comparison pool, you need to make an adjustment for this imbalance. This requires identifying the total amount of commission included in the weighted-average EC price and subtracting it from the total commission included in the weighted-average Egyptian price or vice-versa. This difference is then adjusted for by deducting EC indirect selling expenses from the weighted-average EC price up to the amount of the difference in the commissions to arrive at a weighted-average NV. The same adjustment is necessary for situations when the EC like product sales comparison pool

has a significantly greater amount of commission than EP sales in the Egyptian subject merchandise comparison pool. For comparisons involving EP transactions, Egyptian indirect selling expenses would be added to the weighted-average EC price up to the amount of the difference in the commission amounts to arrive at a weighted-average NV. For comparisons involving insignificant commission amounts for CEP transactions, no further adjustment is necessary to the weighted-average Egyptian sales price as all indirect selling expenses are removed in calculating CEP. Where EC sales involve insignificant commission amounts relative to CEP transactions, an adjustment for this imbalance is made by deducting EC indirect selling expenses capped by the difference in the Egyptian and EC commissions to arrive at NV. You must check with your supervisor if indirect selling expense information is not available for the offset or a level-of-trade adjustment is called for in your calculation.

These examples illustrate the adjustments required for EP imbalance situations:

1) Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 14	Wt-Aver EC Price	= 15.0
Wt-Aver Egy. Commission	= 4	Wt-Aver EC Commission	= 0.5
		Wt-Aver EC Indirect Sell Exp	= 6.0*

EC Price Adjustment = 15 (Wt-Aver EC Price) – 0.5 (Wt-Aver EC Commission)
- 3.5 (Wt-Aver EC ISE) + 4 (Wt-Aver Egy. Commission) = Wt-Aver NV of 15

*Note that in this example the EC indirect selling expense deduction is capped by the difference in the commission amounts.

2) Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 14	Wt-Aver EC Price	= 15
Wt-Aver Egy. Commission	= 1	Wt-Aver EC Commission	= 3
Wt-Aver Egy. ISE	= 1*		

EC Price Adjustment = 15 (Wt-Aver EC Price) – 3 (Wt-Aver EC Commission) +
1 (Wt-Aver Egy. Commission) + 1 (Wt-Aver Egy. ISE) = Wt-Aver NV of 14

*Note that in this example the Egyptian indirect selling expense addition could be 2, but because the Egyptian indirect selling expenses only amount to 1, that is all that can be added.

These examples illustrate the adjustments required for CEP imbalance situations:

1) Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 16	Wt-Aver EC Price	= 17
Wt-Aver Egy. Commission	= 3	Wt-Aver EC Commission	= 0.5
		Wt-Aver EC ISEs	= 5

CEP and NV Calculation = 16 (Wt-Aver Egy. Price) – 3 (Wt-Aver Egy. Comm.)
= Wt-Aver CEP of 13 and 17 (Wt-Aver EC Price) – 3 (Combination of 0.5 Wt-Aver EC Commission and 2.5 Wt-Aver EC ISEs (Capped by the difference Between the Egyptian and EC Commissions)) = Wt-Aver NV of 14

2) Egyptian Sales		EC Sales	
Wt-Aver Egyptian Price	= 13	Wt-Aver EC Price	= 14
Wt-Aver Egy. Commission	= 0.5	Wt-Aver EC Commission	= 3
Wt-Aver Egyptian ISEs	= 4		

CEP and NV Calculation = 13 (Wt-Aver Egyptian Price) – 0.5 (Wt-Aver Egyptian Commission) – 4 (Wt-Aver Egyptian ISEs) = Wt-Aver CEP of 8.5 and
14 (Wt-Aver EC Price) – 3 (Wt-Aver EC Commission) = Wt-Aver NV of 11.
There is not an adjustment for an imbalance on the CEP sales because all Egyptian indirect selling expenses are deducted in computing CEP.

IX. ADJUSTING NORMAL VALUE BY THE CEP OFFSET (INDIRECT SELLING EXPENSE) ADJUSTMENT

References:

Regulation of Law No. 161/1998
Article 36 – Level of trade

Anti-dumping Agreement
Article 2.4 – adjustments for comparisons at equivalent level of trade

The CEP offset is an adjustment that, in limited circumstances, is made to NV when NV is being compared to CEP sales in Egypt. The CEP offset adjustment is only made to NV when NV is established at a more advanced level of trade than the level of trade of the CEP sales and despite the fact that the party cooperated to the best of its ability, the available data do not allow for a level-of-trade adjustment (see the discussion on level of trade in section XII). To make the adjustment, reduce NV by

the amount of indirect selling expenses on sales of the foreign like product in that country. The amount of the CEP offset adjustment cannot be more than the amount of indirect selling expenses deducted from CEP. Indirect selling expenses are selling expenses that the seller would incur regardless of whether particular sales were made but that reasonably may be attributed, in whole or in part, to such sales (*e.g.*, salespersons' salaries).

In practice the CEP offset adjustment is derived by (1) computing the weighted-average of each type of per-unit indirect selling expense reported for the foreign like product sales being compared to CEP sales, (2) summing these weighted-averages, (3) converting this sum to a U.S. dollar amount using the average exchange rate in effect for sales in the Egyptian sales comparison pool during the POI or, in a review, the exchange rate in effect on the date of sale of the CEP sale being compared, and (4) comparing this U.S. dollar amount to the total weighted-average indirect selling expense for the CEP sales. The CEP offset adjustment is equal to the lesser of the total weighted-average indirect selling expense for the foreign like product sales or the total weighted-average indirect selling expense for the CEP sales. For example, assume you calculated the following weighted-average amounts from the indirect selling expenses reported by a respondent in an investigation in which NV in the EC is at a more advanced level of trade than the level of trade of the CEP sales, but the data do not allow for a level-of-trade adjustment:

Wt-aver, per-unit indirect selling expenses incurred in the EC on like product sales:

Indirect advertising	1,000 liras
Technicians' salaries	2,500 lira
Product liability insurance premiums	1,700 lira
Warehousing	3,000 lira
Salespersons' salaries	4,500 lira
Total wt-aver, indirect EC selling expenses	12,700 liras

Wt-aver, per-unit indirect selling expenses for Egyptian CEP sales:

Indirect advertising	$1.00
Technicians' salaries	$2.00
Product liability insurance premiums	$1.50
Pre-sale warehousing	$3.25
Salespersons' salaries	$1.25
Total wt-aver, indirect Egyptian CEP sales selling expenses	$9.00

If the weighted-average exchange rate for the POI is 0.000715 U.S. dollars per Italian lira, then the total weighted-average foreign market indirect selling expense expressed in U.S. dollars is $9.08 (12,700 x .000715 = $9.08). However, the CEP offset adjustment to NV is limited or "capped" by the total weighted-average indirect selling expense deducted from the CEP. In this example the "cap" is $9.00, which is less

than the total weighted-average EC indirect selling expense of $9.08. Therefore, the CEP offset deduction is $9.00.

X. DIFFERENCES IN QUANTITIES

References:

Anti-dumping Agreement

Article 2.4 – allowances for differences in quantities

A. Adjustment Criteria

NV may be adjusted to reflect the differences in quantities sold between the EC or third-country market and the Egyptian market. The granting of a quantity discount adjustment depends more on the pricing behavior of the individual exporter or producer, and not on whether other firms in the industry engage in similar behavior. The requirements normally needed to be satisfied to qualify for a quantity adjustment: In brief, where an exporter or producer granted quantity discounts of at least the same magnitude on 20 percent or more of sales of the foreign like product for the relevant country during the period examined or a more representative period, or if the exporter or producer demonstrates that the discounts reflect savings specifically attributable to the production of the different quantities, NV will be based on sales with quantity discounts. The existence of a price list that includes a quantity discount, or the lack of such a discount, will not in and of itself determine the eligibility of a respondent for this adjustment. If a level-of-trade adjustment is claimed in addition to the quantity discount adjustment, the latter adjustment will not be granted unless the respondent demonstrates that the effect on price comparability due to differences in quantities is separate from that due to differences in levels of trade.

The respondent must demonstrate either that it consistently granted discounts based on quantity for at least 20 percent of its sales of the subject merchandise or that the discounts are directly related to cost savings in producing these quantities. However, quantity discounts in calculating NV are seldom allowed for all sales because foreign sellers usually do not adhere strictly to a quantity discount program and because few are able to demonstrate actual cost savings. If a producer or seller does not satisfy these conditions, we calculate NV based on a weighted-average price that includes all sales in the averaging group, along with the specific discounts associated with those sales.

B. Sample Calculation

When a quantity discount is granted during the POI or POR, every sale used to calculate NV has a deduction made for the quantity discount. The following example illustrates how the adjustment works:

EC sales over the POI/POR	No. of units	Gross price per unit	Quantity discounts	Net price per unit
1	10	$1.00	10%	$0.90
2	2	$1.00	0%	$1.00
3	3	$1.00	0%	$1.00

4	10	$1.00	10%	$0.90
5	5	$1.00	0%	$1.00

Facts: The manufacturer maintains a quantity discount price schedule to which it strictly adheres. The schedule calls for a $1.00 gross price with a quantity discount of 10 percent for purchases in quantities of 10 units or greater. The transactions to Egypt average 10 units or more; EC sales 1 and 4 provide as comparable a sale quantity level as possible to the Egyptian sale. All sales are made at the same level of trade.

Conclusion: As sales 1 and 4 in the EC represent 67 percent of sales by number of units sold, the company has demonstrated that over 20 percent of sales received the discount during the POI or the POR. Further, the discounts were applied according to a consistent price policy, and were of the same magnitude. Consequently, the company has satisfied the quantity discount adjustment criteria. We would calculate EC price as follows:

Sale	Calculation
1	price-10% = net price
2	price-10% = net price
3	price-10% = net price
4	price-10% = net price
5	price-10% = net price

Weighted-average price = Total price divided by number of units = $27/30 = $0.90/unit.

The seller must demonstrate to the Department's satisfaction that the discount is warranted on the basis of savings that are specifically attributable to the production of the different quantities involved. We consider differences in the direct cost of manufacture in quantifying a cost-based adjustment. For example, we would consider the cost savings attributable to the purchase of raw materials at a discount due to the quantity purchased. Respondent may make claims for differences in the cost to produce different quantities based on theoretical cost studies. Such claims are not allowed. Cost adjustment claims must be based on direct manufacturing costs. Claims that additional setup time is required for shorter runs do not form the proper basis for an adjustment. Most manufacturers will arrange their production schedules to obtain the greatest possible efficiency in setting up production runs. Thus, when a manufacturer has two orders for the same product, it will produce the quantity needed to fill both orders at the same time.

You should ensure that there is no double counting between the quantity discount adjustment and a level-of-trade (LOT) adjustment. Thus, where we make a LOT adjustment, we will not also make a quantity adjustment unless the respondent satisfactorily isolates the price comparability effect of quantity differences from the effect of LOT differences.

XI. DIFFERENCES IN MERCHANDISE

References:

Regulation of Law No. 161/1998

Article 36 – Factors affecting price comparability
Anti-dumping Agreement
Article 2.4 – differences in physical characteristics
Article 2.6 – like product definition

A. Difference-in-Merchandise Adjustments

The Regulation and the Anti-dumping Agreement provide for an adjustment to NV for differences in the physical characteristics of the products being compared. Where identical products are not sold in Egypt and the EC, we will compare the goods sold in Egypt to the goods sold in the EC that are most similar in physical characteristics. Where similar products are compared, a "difference-in-merchandise adjustment" (difmer) must be made to NV to account for the differences in the physical characteristics of the merchandise sold in Egypt and the EC.

The Department adjusts the EC price by the net difference in the variable manufacturing costs incurred in producing the differences in physical characteristics. The adjustment is based on actual physical differences in the products, and is calculated on the basis of direct manufacturing costs. We include the cost of direct materials, direct labor, and variable factory overhead as direct manufacturing costs.

An example of the calculation for an EP difmer adjustment is shown below – the calculation is the same for CEP transactions:

EC Sales		Egyptian Sales	
Wt-Aver EC price converted to US$	= $5.00	Wt-Aver EP	= $5.50
Total variable manufacturing Costs	= $3.00	Total variable manufacturing costs	= $2.96
Difmer = $3.00 - $2.96	= $0.04		
Wt-Aver NV	= $4.96	Wt-Aver EP	= $5.50

In this example the variable manufacturing costs are $3.00 for the EC product and $2.96 for the Egyptian product. Because the variable manufacturing costs are less in Egypt, a $0.04 deduction is made from NV. If the costs were greater for the Egyptian product, an addition would be made to NV. We do not consider differences in the cost of production when the products being compared have identical physical characteristics. Remember that, although products may have identical comparison criteria as stated in the anti-dumping questionnaire Appendix, they are not necessarily identical in all physical characteristics. Also, adjustments cannot be made for difmers based on 1) the fact that the exporter is charged different prices for its inputs depending on the destination of the finished product, or 2) the fact that the domestic and exported products are produced in different facilities with differing production efficiencies. Finally, if the EC's economy has high inflation (over 25% per annum) during the POI or POR, consult with your supervisor on how to handle difmer adjustments (see section XV for information on how to compute difmer adjustments in high-inflation situations).

B. The 20 Percent Difmer Guideline

As a further step, we must assess whether there is a reasonable basis for comparing merchandise. The following example illustrates our assessment of comparability.

EC Sales		Egyptian Sales	
Ex-works, EC price	30DM	Ex-works, Egyptian price	$13.00
Variable manufacturing costs of EC product:		Variable manufacturing costs of Egyptian product:	
materials	14DM	materials	13DM
labor	2DM	labor	1DM
direct factory overhead	3DM	direct factory overhead	2DM
Total variable manufacturing cost of EC product	= 19DM	Total variable manufacturing cost of Egyptian product	= 16DM
		Non-variable manufacturing costs of Egy. product	= 4DM
		Total manufacturing cost of Egyptian product	= 20DM

Calculation of difmer:

Variable manufacturing cost of EC product	=	19DM
Variable manufacturing cost of Egy. product	=	-16DM
Difmer =		3DM

In the above example, the variable manufacturing costs of the Egyptian product are less than the costs of the comparison EC product. However, we only make comparisons between products that can reasonably be compared (see section II for a further discussion of this topic). Sales of products in the EC market with a difmer exceeding 20 percent of the total average cost of manufacture, on a model-specific basis, of the product exported to Egypt will normally not be used in determining NV. Any use of products with a difmer exceeding 20 percent must be noted and fully explained.

Total manufacturing costs are the variable costs of manufacturing plus the non-variable or fixed manufacturing costs of the product. The formula for determining whether two products can be compared using the 20-percent guideline is as follows:

$$\frac{\text{Difmer}}{\text{Total manufacturing cost of Egyptian product}} \leq 20\ \%$$

Applying this formula to our example above, we divide the difmer of 3 DM by the Egyptian product's total cost of manufacturing of 20 DM, for a result of 15 percent. Insofar as there is less than a 20-percent difference in variable manufacturing costs, we conclude that the EC product is sufficiently similar to the Egyptian product that it

can be used for comparison purposes with a difmer adjustment. Accordingly, we deduct 3 DM from the EC price of 30 DM to account for the smaller variable manufacturing costs of the Egyptian product to arrive at an NV of 27 DM, as reflected in the following calculation:

EC price before difmer	30 DM
Difmer	-3 DM
NV	27 DM

XII. DIFFERENCES IN LEVELS OF TRADE

References:

Regulation of Law No. 161/1998

Article 36 – Level of trade

Anti-dumping Agreement

Article 2.4 – requirement to compare sales at the same LOT

Article 2.4.2 – requirement to consider LOT when comparing prices

Article 36 of the Regulation requires that NV shall be based on EC (or third-country) sales at the same level of trade as the EP or CEP. If comparisons are made between sales at different LOTs, an adjustment may be made based on price differences between the two LOTs in the EC or third-country market. Differences in LOTs for which adjustments may be made involve the performance of different selling activities and a demonstrated effect on price comparability. In the past the LOT was often defined as the position of the customer in the market, *e.g.*, end-users or original equipment manufacturers, wholesalers or distributors, and retailers, without regard to specific selling functions performed. Such customer categories may still be considered as the basis for different LOTs if the Department determines that differences in selling functions exist between groups. Alternatively, these groupings can be used to establish different price-averaging groups.

Additional guidance in identifying LOTs:

The Department may consider that sales are made at different levels of trade if they are made at different marketing stages (or their equivalent). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stage of marketing. Some overlap in selling activities will not preclude a determination that two sales are at different stages of marketing.

In the case of EP transactions, LOT will be determined based on the starting price, while for CEP, LOT will be determined based on the starting price as adjusted. NV LOT is based on the starting price or constructed value. Starting price in most instances is the gross price less all discounts and rebates.

If EC or third-country sales at the same LOT as the Egyptian sales are inadequate for comparison, the Department will calculate NV based on sales at the most comparable commercial LOT, making appropriate adjustments for differences affecting price comparability. When comparisons are made between EP or CEP and NV at different LOTs, and there is a pattern of consistent price differences between sales made at different LOTs in the EC market, a LOT adjustment will be made.

The Department will calculate the amount of a LOT adjustment by:

(1) Calculating the weighted-averages of the prices of sales at the two levels of trade, after making any other appropriate adjustments to those prices (*i.e.*, movement expenses, packing expenses, duty drawback, circumstances of sale, *etc.*);
(2) Calculating the average of the percentage differences between those weighted-average prices; and
(3) Applying the percentage difference to NV, where it is at a different LOT from the EP or CEP, whichever is applicable, after making any other required adjustments to NV.

Under special circumstances the Department may make a CEP offset using indirect selling expenses in the EC or third-country market. The offset can only be applied where the respondent has succeeded in establishing that there is a difference in LOT, the EC LOT is more remote from the factory, but, although the respondent has cooperated to the best of its ability, the available data do not permit a determination on whether the difference affects price comparability. See your supervisor if it appears that this type of an adjustment is warranted.

Additionally, because Department policy on LOT is still evolving, analysts should always 1) read the last several LOT determinations or final results for investigations or administrative reviews respectively, and 2) consult with their supervisor as to the current policy. One application of the LOT provisions is discussed in the U.S. case Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy, 61 FR 30287 (June 14, 1996). In this determination the DOC analyzed the customer groups defined by the respondents, which included supermarket chains, wholesalers, buying consortia, *etc*., with respect to the selling functions performed by the respective respondent for each group. In analyzing the selling functions, the DOC considered all types of selling functions, both claimed and unclaimed, that had been performed, with no single selling function in this industry being sufficient to warrant determining a separate LOT. Examples of selling functions included sales process, inventory maintenance, forward warehousing, freight services, advertising, and warranties. Where the DOC found differences in several functions between the respondent's groups, it considered these groups to be at different LOTs but, where there was only one difference, the DOC did not find different LOTs. Also see Final Results of Antidumping Duty Administrative Review: Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from France, *et. al.*, 62 FR 2106 (January 15, 1997). In that review the DOC examined whether comparison sales were at different stages in the marketing process than the EP or CEP sales. This determination was made on the basis of a review of the distribution system in the comparison market, including selling functions, class of customer, and the level of selling expenses for each type of sale. As a result, the DOC found different levels of trade. In addition, see Final Results of Antidumping Administrative Review: Gray Portland Cement and Clinker from Mexico, 62 FR 17155 (April 9, 1997), where the DOC denied the respondent's request for different levels of trade because the selling functions were largely the same across the levels of trade reported.
LOT analysis is performed in all investigations and reviews, whether or not the petitioner or respondent requests it. In the anti-dumping questionnaire respondents

are asked to report and justify the different LOTs according to the selling functions performed and services offered to each customer or class of customers. We ask the respondent to separate customers into phases of marketing to which a unique set of selling functions/services apply and to provide a consolidated, detailed narrative analysis of the selling functions and services provided to each of these unique customer classes.

XIII. CONSTRUCTED VALUE

References:

Regulation of Law No. 161/1998
- Article 32 – Normal Value
- Article 34 – Constructed Value

Anti-dumping Agreement
- Article 2.2 – when CV may be used
- Article 2.2.1.1 – how to calculate CV
- Article 2.2.2 – how to calculate amounts for administrative, selling, and any other costs and profit

A. Use of CV

CV is an alternative basis for the calculation of NV. The analyst must be aware of how to make these calculations. Once CV calculations are completed, the analyst must make any adjustments to the numbers that are required for a fair comparison to the Egyptian price, whether EP or CEP. These adjustments will almost always involve COS and, in some instances, LOT adjustments. You should consult with your supervisor about the appropriate way to handle CV adjustments and comparisons to EP or CEP.

We use CV for NV when:

1. Neither the EC nor a third-country market is viable,

2. There is a viable EC or third-country market but a particular market situation does not permit a proper comparison with the EP or CEP,

3. All sales failed the cost test. Consult your supervisor if there is any question about current policy.

4. The remaining sales that did not fail the cost test were made to establish a fictitious market or were not made in the ordinary course of trade (*e.g.*, aberrationally high prices, year-end models, seconds, *etc.*), or were not at a time contemporaneous with the Egyptian sales.

When EC market sales are not viable, we generally use sales to a viable third-country market rather than CV. However, we still retain the discretion to select CV, if more appropriate, over a third-country market.

After the comparison market is chosen, the issue of viability will not normally be reexamined.

In those situations where all the EC market sales prices of the product which is most similar to the Egyptian product are disregarded, because they failed the cost test, or are outside the ordinary course of trade for reasons other than cost, we use the CV for comparison purposes, rather than sales prices of less similar merchandise in the EC market or sales prices in a third-country market (see sections I, IV, and XIV for explanations of market viability, ordinary course of trade, and COP, respectively).

B. General Guidelines for the Calculation of CV

1. CV Components

The first step in the process of constructing a value is to sum the three major components of CV in accordance with Articles 32 and 34 of the Regulation. These are the following:

a. Cost of manufacturing (COM), which includes materials, fabrication, and other processing costs incurred in producing the merchandise. The COM of the CV is for the product exported to Egypt (the subject merchandise).

b. The actual amount of the selling, general, and administrative (SG&A) expenses and profit from sales in the EC or third-country market of the product under investigation or review for the specific company being investigated or reviewed. This calculation of SG&A is known as the "preferred methodology." When such data are unavailable, alternative methodologies should be used.

Since selling costs are based on actual amounts, imputed selling expenses (*e.g.*, credit and inventory carrying costs) are not included in the CV.

In cases where the producer is not the exporter and CV is the basis for NV, the costs of the exporter are combined with the costs of the producer to arrive at the CV. This procedure is followed whether or not the exporters and producers are affiliated parties.

The amounts computed for SG&A and profit are added to the COM.

c. The actual packing costs incurred for packing the subject merchandise for shipment to the Egyptian market are then added to the amounts for COM, SG&A, and profit.

2. Adjustments to CV

Next, all required adjustments to CV are made. These usually involve differences in the expenses for circumstances of sale in the

two markets (see section VIII for information on COS adjustments). Note that no adjustment is necessary for differences in the merchandise because the COM of the Egyptian subject merchandise is used in computing CV. Once these adjustments are made, you have computed CV. See part F for sample calculations of CVs for EP and CEP sales.

C. SG&A Methodologies and Guidance for Quantifying and Valuing CV Components

1. Calculation of SG&A and profit by the preferred methodology

   Actual amounts incurred and realized by the specific exporter or producer being investigated or reviewed are used in the preferred methodology. Specific guidelines for calculating SG&A and profit using the preferred methodology follow:

   a. Sales data from the selected market, *i.e.*, the home or third-country market, are used as the basis for SG&A.

   b. SG&A and profit are calculated on an average of foreign like products sold in the selected market, not on a model-specific basis.

   c. Profit is derived by subtracting the COPs from the prices in the selected market.

   d. General and administrative (G&A) expenses are calculated by dividing the fiscal year G&A expenses by the fiscal-year cost of goods sold (adjusted for categories of expense not included in COM, such as packing), and then applying the percentage to the COM of the product.

   e. Selling expenses are derived from the home market sales list.

2. Alternatives to the preferred methodology for SG&A and profit

   There are three alternatives, without priority, preference, or hierarchy, which may be used for calculating SG&A and profit if the preferred methodology is not attainable. These alternatives are:

   a. Actual amounts incurred or realized on products of the same general category as the products being investigated or reviewed, sold in the EC by the company being investigated or reviewed.

   b. The weighted-average of the actual costs incurred or realized by other companies being investigated or reviewed, for the production and sale of the foreign like product in the EC, and

c. Any other reasonable method.

When we use an alternative methodology, the data must be from the country being investigated or reviewed. They cannot be data from a third-country market. Consult with your supervisor if an alternative methodology is proposed.

3. Quantifying and Valuing the Elements of Cost

a. We use data from the books of the respondent to calculate COP/CV if such books are kept in accordance with the generally accepted accounting principles (GAAP) of the country and reasonably reflect the costs of producing the merchandise. Costing methodologies and allocations may also be relied on if they have been historically used and reasonably reflect the cost of producing the merchandise.

Each country has its own GAAP (broad conceptual accounting guidelines) established by the accounting profession, economists, business leaders, and/or the government. Although maintaining books in accordance with GAAP should reflect the economic reality of the cost, there may be cases when this is not so (*e.g.*, GAAP based on tax rulings may result in expensing the purchase price of equipment instead of depreciating the cost of the equipment over its useful life).

1) The following U.S. cases illustrate situations where the DOC did not consider the costs to be stated in accordance with GAAP or the GAAP did not appropriately account for the costs related to the product:

In Certain Pasta from Italy, 61 FR 30355 (June 14, 1996), the DOC noted that one company's method of capitalizing the cost of exchange losses related to elimination of debt, which was not the recommended method under Italian GAAP, nor was it acceptable under U.S. GAAP. In Final Determination of Sales at Less Than Fair Value: Certain Hot Rolled Carbon Steel Flat Products, et.al., from Brazil, 58 FR 37097 (July 9, 1993), the DOC did not accept the change in the useful lives of the assets because the revised remaining lives were longer than the lives commonly utilized in the steel industry worldwide.

2) The DOC has also made adjustments to the data maintained by the respondent in accordance with the country's GAAP in those cases where the respondent is located in a country experiencing a

high rate of inflation. Since the company's transactions are usually recorded as of the date that they were incurred or realized and because the high inflation caused rapid erosion in the value of the currency, the amount recorded does not reflect the actual value of the expense as of the date of the U.S. sale. Consequently, the DOC has either used the current value (*e.g.*, price of materials at the time of the U.S. sale) instead of the amount recorded on the books, or applied an inflation index to the cost data (see section XV for more information on calculations for costs in high-inflation economies).

b. We allocate the portion of non-recurring costs that benefit current and/or future production to the periods that will benefit from the expenditures. The method and period of time over which the costs are allocated are determined on a case-by-case basis.

c. We adjust the COP/CV for the costs incurred for a startup operation. These costs must be tied directly to manufacturing of the merchandise. In brief, startup operations are only those operations where a) a producer is using new production facilities or producing a new product that requires substantial additional investment, and b) production levels are limited by technical factors associated with the initial phase of commercial production.

   Consult with your supervisor when there is a claim for a startup adjustment.

d. We also review various qualitative and quantitative factors to determine whether a representative measure of the materials, labor, overhead, and other costs have been allocated to the product. We should specifically review the allocation methods (*e.g.*, production quantities and relative sales values) to determine whether an appropriate portion of common costs have been allocated to the product. For example, where different grades of merchandise result from the same manufacturing process, adjustments to CV can be made based on the value of the various products.

D. Affiliated-Party Inputs

The Department should review the values of transactions made, directly or indirectly, between affiliated parties to determine whether the values "fairly" reflect the value (market value) in the country under investigation or review. Unaffiliated third-party comparable transactions are a good measure to test the validity of the market price of

the affiliated transaction. When we do not have unaffiliated third-party information, we may use other information that is available on the record.

Also, when we have a reasonable basis to "believe or suspect" that the value reflected on the company's books for a major input, obtained from an affiliated party, is below the COP for that input, we may use the COP of the input if it is higher than the market value, *i.e.*, if the COP is greater than both the transfer price and the market value.

In the U.S. case Final Determination of Sales at Less Than Fair Value: Large Newspaper Printing Presses and Components Thereof from Japan, 61 FR 38162-3 (July 23, 1996), the DOC determined affiliation based on a close supplier relationship, and declared that an input accounting for two percent of COP was a major input because of the thousands of parts included in a large printing press. Whether an input qualifies as "major," however, must be determined on a case-by-case basis. You should consult with your supervisor when there are questionable transactions, which might involve "affiliated parties (see section XVII for more information on affiliated parties).

D. Important Procedures for COP/CV Investigations

1. The decision to request CV information.

The CV and COP sections of the questionnaire are sent at the initial stage of the investigation or review along with the other sections of the questionnaire. A respondent is not required to submit CV information as part of its response to the initial questionnaire unless a) an acceptable COP allegation is part of the petition in an investigation (CV information is always required to be submitted when COP data are required), b) it is known that a COP inquiry is needed at the time of initiation of a review because the Department disregarded below-cost sales for the same company in the most recent previously completed segment of the proceeding, c) it is known that a CV comparison will be made based on the case history of a review, or d) there is no contemporaneous foreign market sale of identical or similar merchandise for comparison to one or more Egyptian sales. In other instances for investigations and reviews, the respondent will be required to furnish CV information after the issuance of the questionnaire. These instances involve situations where a) section A responses to the questionnaire reveal that the exporting-country and third-country markets fail the market viability test (see section I), and b) when acceptable countrywide or company-specific allegations are received.

2. Determining the period for CV and/or COP information

After the decision to use CV is made, the assigned accountant or senior financial analyst, as available, should be notified. The case analyst and the accountant or financial analyst should coordinate to ensure that the POI or POR will provide for the cost data needed to calculate the CV and/or COP.

Examples of when the POI or POR may not provide for the cost data required to calculate the CV and/or COP are:

- When the sales of a customized product are consummated prior to production of the product and, as a consequence, the actual manufacturing of the product occurs subsequent to the sales dates.

- When the product requires longer than one year for manufacturing (*e.g.*, certain agricultural products).

3. The analyst's responsibility for CV/COP

   In cases where the analyst is not responsible for calculating the CV and/or COP, he or she is still responsible for knowledge of the basic methodology and the particular issues of the investigation or review that relate to cost. The analyst is also responsible for verifying and providing the necessary data on selling expenses and packing that are used in the COP/CV computation. The analyst and, where applicable, the accountant or financial analyst should coordinate on information for indirect selling expenses submitted in response to sections B and D of the questionnaire to ensure that the numbers are the same. The analyst should also coordinate with the accountant or financial analyst regarding the verification of indirect selling and packing expenses.

   For cases where the analyst is responsible for calculating CV and COP, he or she must work closely with their supervisor on all aspects of the analysis and verification.

4. Conducting disclosure meetings

   The analyst and the accountant or financial analyst must both be present for the disclosure of the COP/CV calculations to the parties. Certain areas need to be specifically checked and coordinated to ensure that the calculations and comparisons are correct. The most important of these:
   a. Checking to ensure that appropriate matching of the sales price and the CV for each specific model has occurred; and,

   b. Checking to ensure the use of the appropriate selling expenses for the sales.

F. Sample Calculations for CV

CV calculation for comparisons to CEP sales (amounts shown are in foreign currency unless otherwise specified):

COM	
(This is the COM of the Egyptian subject merchandise)	
Materials (quantity x unit price)	2.50
Labor (hours x rates)	1.00
Factory Overhead (direct and indirect)	1.00
Total COM	4.50

SG&A
Preferred Methodology
(These are the actual expenses of the producer as found on the company's books. The selling expenses are for the product sold in the foreign market and do not include imputed expenses).

General and Administrative (*e.g.*, salaries of non-sales personnel, rent, and heat) at a rate of 22 percent (22% x 4.50 = 1.00)	1.00
Direct Selling Expenses (*i.e.*, expenses that can be directly tied to the sale of a specific unit, *e.g.*, credit, warranty, and advertising expense)	.50
Indirect Selling Expenses (*i.e.*, expenses that cannot be directly tied to the sale of a specific unit but which are proportionally allocated to all units sold during a certain period, *e.g.*, telephone, rapifax, postal charges)	.50
Total SG&A	2.00
Financial Expense (66% x 4.50) =	.30
Total cost without profit added	6.80
Profit	.50
Packing cost for Egyptian market	.50
Total CV unadjusted for COS	7.80
Deduction of EC COS amounts	
Less	
EC Warranty	.03
EC Advertising	.02
EC Technical Services	.15
Total COS amount	.20
CV adjusted for EC COS	7.60
Conversion to U.S. dollar amount	
Hypothetical Exchange Rate: 1@ = $.1321	
Adjusted CV = (7.60) x exchange rate ($.1321) =	$1.00

Usually there are no amounts for Egyptian direct and assumed selling expenses to be added to the CV because these amounts are deducted from the Egyptian sales price before a comparison is made to a CEP transaction.

1. CV calculation for comparisons to EP sales (amounts shown are in foreign currency):

Unadjusted CV (see above)	7.80
Less EC COS adjustments (see CEP/CV example above)	.20
CV adjusted for EC COS	7.60
Conversion to U.S. dollar amount (7.60 x $.1321) =	$1.00
Addition of Egyptian market COS amounts	
Plus	
Egyptian Credit	$ .06
Egyptian Warranty	.01
Egyptian Advertising	.04
Egyptian Technical Services	,15
Total COS amount	$0.26
CV adjusted for EC and Egyptian COS	$1.26

XIV. SALES AT LESS THAN COST OF PRODUCTION

References:

Regulation of Law No. 161/1998
- Article 34 – Normal Value

Anti-dumping Agreement
- Article 2.2.1 – sales below COP
- Article 2.2.1.1 – calculation of COP
- Article 2.2.2 – calculation of COP

In many cases, accountants or financial analysts, if available, calculate COP. It is important, however, that the analyst is aware of how these calculations are made. Once COP amounts are calculated, the analyst is responsible for comparing them to the prices for like products in the EC or, if appropriate, to third-country sales prices. The results of these comparisons will dictate whether prices or CV will be used for NV. In some cases the analyst is responsible for calculating COP. In these situations, you must work closely with your supervisor in performing the analysis and verification of the data.

Sales of the foreign like product made at prices below the COP may be disregarded for determining NV whenever such sales have been made 1) within an extended period of time in substantial quantities and 2) at prices that do not permit the recovery of all costs within a reasonable period of time.

A. Initiation of a COP Investigation

A sales-below-cost investigation is conducted when there are reasonable grounds to "believe or suspect" that sales have been made below the COP. We do not automatically initiate a COP inquiry in every investigation or review. We initiate only when we have the following:

- In an investigation, administrative review, or a new shipper review, a domestic interested party has presented an allegation indicating that sales have been made at less than COP. This allegation must be presented in a timely manner and supported with sufficient evidence.

- In an administrative review, some or all of the company's sales were disregarded in the calculation of NV in the most recent segment for that company that is completed, or, if no review has been completed, the investigation.

An allegation is considered to be filed in a timely manner when we have the following:

- In an investigation, it is made on a country-wide basis within 20 days after the date on which the initial questionnaire was transmitted to any person, and

- In an investigation, administrative review, new shipper review, or changed circumstances review, it is made on a countrywide basis within 20 days after a respondent files a response to the relevant section of the initial questionnaire (unless the Department determines that the relevant questionnaire response is incomplete).

We can grant additional time beyond the 20 days to the party making a countrywide allegation when we determine from the facts of the particular case that such additional time is needed. However, once company-specific information (*i.e.*, Section B response) has been submitted for a firm, the party must make a company-specific allegation. We can also grant additional time for a company-specific allegation when we determine that the questionnaire response for that company is incomplete.

Sufficiency of an allegation will be considered on a case-by-case basis. A COP allegation is considered sufficient when it is supported by information reasonably available to the petitioner, including information already on the record. When company-specific costs and sales information are available on the record such information must be used for the allegation.

An allegation need not reflect that sales were made below COP in substantial quantities (*i.e.*, 20 percent of the sales of the foreign like product), or include sales of every model involved in the investigation or review. However, the sales for the models of the product that are used for an allegation should be representative of the models that are to be used to determine NV in the final determination for the investigation or review.

If company-specific information is not available on the record we consider a COP allegation to be sufficient when petitioners rely on their own COP data for the relevant period and adjust the costs for known differences between costs in Egypt and

those in the country under investigation or review. Such adjustments include, but are not limited to, adjustments for 1) wage and salary rates, 2) volume of output of the company under investigation or review that affect the fixed overhead costs, 3) material prices, and 4) differences in the methods used in the manufacturing process.

Because we need to determine whether the sales prices are below the COP, an allegation also needs to comply with our usual methodology for determining COP, and should identify each major component of the COP. The major components of COP are materials, labor, variable overhead, fixed overhead, selling, general & administrative expenses (SG&A), and packing.

The analyst should prepare a memo analyzing the COP calculation methodology used in the allegation. This memo should be attached to a decision memo that includes an analysis of the comparison of COP to individual sales prices and that states whether or not the Department should initiate an investigation (although if a countrywide allegation is received in the petition, then the analyses would be part of the case initiation memo). See below for information on how to calculate COP and how to compare COP to EC or third-country prices.

B. Calculation of COP

Sales at less than COP should be for a period of time that would "ordinarily permit the production of the foreign like product in the ordinary course of business" and should include the following:

- Cost of manufacturing, which includes materials, labor, variable overhead, fixed overhead, and other processing costs incurred for the foreign like product,
- An actual amount for SG&A incurred for the foreign like product, and
- All actual costs for packing the product for shipment in the foreign market.

C. Quantifying and Valuing the Elements of Cost

See **XIII. Constructed Value, Section C.3.**

D. Affiliated Party Inputs

See **XIII. Constructed Value, Section D.**

E. Determining Whether Sales Should Be Disregarded

The sales-below-cost test is always done on a product-specific basis.

When sales prices are below the COP and are made 1) within an extended period of time in substantial quantities, and 2) at prices that do not permit the recovery of all costs within a reasonable period of time, they will be disregarded for calculation of NV.

The terms associated with these two requirements are defined as follows:

- An extended period of time is normally one year, but not less than six months. For hyper-inflationary economies the POI should be considered the extended period of time, not individual months within the POI.

- Substantial quantities exist if the volume of sales represents 20 percent or more of the volume of total sales of that product under consideration for the determination of NV.

- Substantial quantities may also be considered to exist when the weighted-average per-unit price of the sales under consideration for the determination of NV is less than the weighted-average per-unit COP for these sales. The Department intends to use this criterion for determining whether substantial quantities exist for specific types of products, *e.g.*, agricultural products.

- Costs are considered to be recovered when the sales price below the COP at the time of sale is above the weighted-average per-unit COP for the whole POI or POR. Thus, when costs are declining, prices that are below cost at the beginning of the POI or POR may be above average costs for the period and useable for NV.

F. Comparison of COP to Sales Prices

It is particularly important to ensure that the COP used for comparison purposes represents the COP for the prices of the model, grade, etc. of the product under investigation or review. To conduct the cost test, we compare EC market or third-country market prices, net of discounts and rebates, movement charges, and direct and indirect selling expenses, to a COP that is composed of COM, general and administrative (G&A) expenses, actual interest cost and home market packing. No additions are made to the COP and no deductions are made for imputed expenses, *i.e.*, imputed credit and inventory carrying costs.

Movement charges and rebates are normally deducted from the EC prices before comparison to COP, if appropriate. However, some companies record the cost of freight and rebates to customers as direct selling expenses. In this case, in order to avoid double counting, we must either reduce the direct selling expenses by the amount of the freight charge and rebates or not subtract the transaction-specific freight and rebate charges. In addition, when Egyptian sales are EP sales, and indirect selling expenses may not be reported for NV, make sure that the COP contains SG&A inclusive of actual indirect selling expenses.

When the COP is compared to individual EC or third-country sales prices, where 20 percent or more by volume of the sales of a given product during the POI or POR fail the cost test we may disregard only the below-cost sales. All of the remaining sales are used in the NV calculation.

Where less than 20 percent of the sales during the POI or POR of a given product fail the cost test, we do not disregard any below-cost sales of that product because the below-cost sales are not made in substantial quantities within an extended period of

time. The "within an extended period of time" language allows for the exclusion of below-cost sales that occur in a single month of the POI or POR if they are in substantial quantities relative to quantities for the entire POI or POR and are not at prices that would permit the recovery of costs. Sales below cost permit the recovery of costs if their price is more than the average cost for the entire period. This becomes relevant when we are calculating costs for periods shorter than the POI/POR. When costs are declining, prices below cost early in the period may be above period-long average cost, and would, therefore, not be disregarded.

In an investigation, when all sales of a specific product fail the cost test we disregard all sales of that product, and calculate NV based on CV. Also, in a review, when all contemporaneous sales of the comparison product are disregarded, we calculate NV based on CV.

G. Important Procedures for COP/CV Investigations

1. The decision to request COP information

The COP/CV section of the questionnaire should be sent at the time of the initiation of an investigation or the commencement of a review, even when a COP allegation has not been received. The respondent should then be notified of the need for a response, if an affirmative decision that an acceptable COP allegation is made at some time in the future. If we disregarded below-cost sales in the most recent completed segment of the proceeding for a company, the company is automatically subject to a COP investigation for the subsequent review, and should be instructed to respond to the COP section of the initial questionnaire. In addition to responding to the COP questions, the respondent must furnish complete CV data in case there is a need to use CV for NV after the completion of the below-cost sales analysis (see section XIII for information on CV).

2. Determining the period for COP information

After the decision is made to commence a COP investigation, the accountant or financial analyst, as available, should be notified. The case analyst and the accountant or financial analyst should coordinate to assure that the POI or POR will provide the cost data needed to calculate the COP/CV (see part E of section XIII for examples of when POI data may be insufficient).

3. In cases where the analyst is not responsible for calculating COP and/or CV, he or she is still responsible for knowledge of the basic methodology and particular issues of the investigation or review that relate to cost. The analyst is also responsible for verifying and providing the necessary data on selling expenses and packing costs which are used in the COP/CV computation. The analyst and accountant or financial analyst should coordinate on information for indirect selling expenses submitted in response to section B and D of the questionnaire to ensure that the numbers are the same.

The analyst should also coordinate with the accountant or financial analyst regarding the verification of indirect selling and packing expenses.

For cases where the analyst is responsible for calculating COP and CV, if appropriate, he or she must work closely with their supervisor on all aspects of the analysis and verification. Junior analysts are not normally the primary case analysts in these situations.

4. Conducting the disclosure meeting

   The analyst and the accountant or financial analyst must both be present for the disclosure of the COP/CV calculations to the parties. Particular attention should be given to the appropriate matching of the EC or third-country sales data with the COP data.

H. Sample Calculation for COP

All amounts shown in this example are in units of foreign currency. There is no need to convert them into U.S. dollars or Egyptian pounds as they will be compared to the EC or third-country prices of the product. Remember that COM is product-specific for the product sold in the selected market whereas selling expenses are transaction-specific. Thus, the movement and selling expenses should be subtracted from the COP, not added to the COP.

5. COM
   (This is the COM of the EC/third-country product.)

Materials (quantity x unit price)	3.50
Labor (hours x rates)	3.00
Factory Overhead (direct and indirect)	1.00
Total COM	7.50

6. G&A
   (These are the actual expenses of the manufacturer as found in the company's books. Selling expense is not part of this number because these expenses are deducted from sales prices before the COP is compared to these prices—see part F.)
   General & Administrative at a rate of 13 percent (*e.g.*, salaries of non-sales personnel, rent, and heat)
   (13% x 7.50 = 1.00) 1.00

   Total G&A 1.00

3. Financial Expense (4% x 7.50 = .30) .30

4. Home Market Packing .50

Total COP	9.30

As detailed in part F, the COP figure of 9.30 per unit is then compared to EC or third-country market sales prices net of discounts and rebates, movement charges, and direct and indirect selling expenses to determine if these prices are below cost.

XV. HIGH-INFLATION ECONOMIES

References:
None

A. Inflation and Its Effects

"High inflation" is a term used to refer to a high rate of increase in price levels. Investigations and reviews involving exports from countries with highly inflationary economies require special methodologies for comparing prices and calculating CV and COP.

Contact your supervisor if you believe that your case involves issues of high inflation.

In prior years, in the U.S. the DOC found AD margin calculations in cases involving "hyperinflationary" economies to be distorted when the average monthly and/or annual inflation rate in such countries exceeded 5 or 50 percent, respectively. In the mid-nineties many of the economies that were hyperinflationary during the eighties and early nineties began to stabilize, but some economies still showed signs of high inflation. At this point, the DOC began to examine the impact of the application of its anti-dumping methodology in situations involving high, but not "hyper" rates of inflation. The standard questionnaire developed as a result of this inquiry asks whether the annual inflation rate in the country under investigation exceeds 25%. This 25% rate has been used as a general guide for assessing the impact of inflation on AD investigations and reviews. Sometimes (*e.g.*, due to the mid-year institution of currency reforms or a sudden plunge in the value of a currency) inflation may be sufficiently high during certain months of the POI/POR to significantly affect dumping calculations, even though the annual rate of inflation is below 25%. Contact your supervisor regarding possible adjustments if this appears to be the case.

When an economy is experiencing high inflation, the value of the country's currency is rapidly deteriorating, resulting in each unit of local currency having substantially less real value over time. Consequently, a greater nominal amount of the currency is required to purchase a product at a later point in time than was needed at an earlier point in time. Even if real costs remain constant, because of the decline in the currency's value, the price of inputs used to produce the product under investigation or review would be expressed at a lower nominal value at the beginning of the POI/POR than at the end. Similarly, the price to home market customers purchasing the same domestic like product will be expressed at a lower nominal value at the beginning of the POI/POR than at the end of the POI/POR. If the Department determines that the inflation rate in the country under investigation will likely distort the margin calculation, a modified questionnaire should be used. Always consult with your supervisor to determine the specific needs of your case.

To insure that we are appropriately matching the prices and the costs, we generally make our price-to-price, price-to-CV, and price-to-COP comparisons over shorter periods of time during which inflation will have a less distortive effect in our analysis. For example, when inflation exceeds 25% per year, we should limit our averaging of EC sales to sales within the same month as the Egyptian sale to which they will be compared. For COP and CV, we should generally compute a monthly cost that is based on the weighted average of all monthly costs as indexed for inflation over the POI/POR. This methodology is illustrated below under "calculation of COP and CV." Thus, EC sales, Egyptian sales, COP and CV are stated in nominal currency of approximately the same value when they are compared to each other.

B. Sales

In high-inflation cases identification of the date of sale is particularly critical, because it affects whether, and to what extent, inflation-related adjustments must be made when comparing the Egyptian price to other prices and/or to the CV. The date of sale will normally be the date of invoice as recorded in the producer's/exporter's records in the ordinary course of business.

While sales comparison periods based on the month of the Egyptian sale have been the norm in past cases, the determination of the proper comparison period should be reviewed for each case. Sales comparison periods may be influenced by the pattern of inflation observed during the POI/POR. Comparisons of periods of greater than one month may be non-distortive if the inflationary trend is low for certain months within the POI/POR. You should discuss the circumstances of your particular case with your supervisor in order to establish a reasonable basis on which to determine the appropriate averaging period.

For administrative reviews we normally compute a weighted-average NV for each model during each month of the POR. Then, each sale to Egypt is matched to an EC monthly weighted average from the 90/60-day window associated with the month of the Egyptian sale. High inflation generally does not create a problem using this approach, when the Egyptian sale is compared to an EC sale in the same month. However, if we need to use an EC price in a month other than that of the Egyptian sale to which it is being compared, we must consider the effects of inflation on the calculation of the margin. Always consult with your supervisor if this situation arises.

D. Calculation of COP and CV

In countries experiencing high inflation, the nominal value of production costs increases over time, even where such costs—expressed in real terms—remain constant. This may cause distortions in our analysis because of our practice of comparing period-average COP and CV amounts to transaction-specific prices during the POI or POR. As an example of this distortion, consider a sales-below-cost analysis where real production costs remain constant but, because of high inflation, nominal costs rise throughout the POI or POR. Under this scenario, a period-average COP figure based on monthly nominal cost amounts would tend to be higher than individual sales prices at the beginning of the period, but lower than prices at the end of the period. Depending on the timing of the home market sales, this could result in

an excessive quantity of below-cost sales at the beginning of the period or, conversely, an overstatement of the number of above-cost sales at the end of the period. These same distortions exist where we compare Egyptian prices to CV based on period-average costs in high-inflation economies.

To help mitigate the distortions in our analysis caused by high inflation and rapidly escalating costs, we may compute the period-average COP and CV on a constant-currency basis using inflation indices during the period and then restate this average in terms of the currency value in each month. The table below illustrates how inflation indices can be used to compute the weighted-average COM for COP and CV.

Month	Per-Unit Nominal COM	Total Production Quantity	Total Nominal COM	Inflation Indices	Total Inflation-Adjusted COM	Per-Unit Inflation-Adjusted COM
January	$ 8.00	25	$ 200	1.00	$ 430	$ 8.05
February	8.00	26	208	1.10	407	8.86
March	9.00	30	270	1.25	464	10.06
April	10.00	28	280	1.30	463	10.47
May	11.00	25	275	1.42	416	11.43
June	13.00	19	247	1.55	343	12.48
July	15.00	13	195	1.60	262	12.88
August	15.00	12	180	1.73	224	13.93
September	16.00	17	272	1.85	316	14.89
October	16.00	19	304	1.91	342	15.38
November	17.00	21	357	2.00	384	16.10
December	18.00	24	432	2.15	432	17.31
Total		259	$3,220		$4,483	

In this example, the monthly amounts shown in the “Total Inflation-Adjusted COM” column were calculated by multiplying the total nominal cost for each month by the ratio of December’s inflation index to the inflation index for the month of production. For example, the March inflation-adjusted cost of $464 was calculated as $270 x (2.15/1.25). In this way, monthly nominal costs are adjusted for the cumulative effects of inflation to the end of the POI or POR.

Once all monthly production costs have been expressed in common, inflation-adjusted currency values, the figures can be added together in order to compute a weighted-average cost for the product. In the example above, the weighted-average cost for the period is $17.31, which is calculated as the sum of the monthly inflation-adjusted costs, $4,483, divided by the total production quantity of 259 units.

Note that the weighted-average cost of $17.31 per unit represents production costs expressed in December’s currency value; that is, at the end of the period for which costs were reported. To obtain the weighted-average cost of the product expressed in the currency value for any other month, as shown in the “Per-Unit Inflation-Adjusted

COM" column, we need only "deflate" December's per-unit cost using the same inflation indices. For example, March's inflation-adjusted cost of $10.06 per unit is calculated as $17.31 x (1.25/2.15). In a sales-below-cost analysis, the $10.06 figure would be used to compute total COP for comparison to EC sales prices during the month of March. Likewise, the same inflation-adjusted cost figure of $10.06 would be used to compute CV for comparison to Egyptian sales made in March.

In selecting an appropriate index for use in calculating COP and CV in your case, you should consider indices commonly used in business applications in the high-inflation-economy country, preferably on a sector-specific basis. If reliable sector-specific indices are not available, indices can be based on the wholesale or consumer price index, as appropriate, or on the rate of inflation of the country's exchange rate against the U.S. dollar. Because countries experiencing high inflation usually maintain several indices, which may change over time, or maintain multiple exchange rate systems, it may be difficult to develop a general list of indices/exchange rates to be used for each country. Therefore, the decision to use indexation and the selection of an appropriate index/exchange rate system should be made on a case-by-case basis.

D. Calculation of Differences-in-Merchandise Adjustments

As discussed above, in cases involving high inflation, we normally compare Egyptian sales prices to EC sales made in the same month. However, where we match non-identical products, inflation may distort our comparisons when production of either the Egyptian or EC product does not occur in the month of sale. These distortions result from the fact that the difmer adjustment that we use to adjust for physically dissimilar merchandise is calculated as the difference between variable production costs incurred in producing the Egyptian and EC products. In high-inflation environments, nominal costs in one month cannot be meaningfully compared to nominal costs in another month without first restating them in similar currency values. In addition, as was shown above for COP and CV, monthly costs may vary in real terms and, thus, a weighted-average variable cost for the period must be calculated for the Egyptian and EC products prior to computing any difmer adjustment.

To illustrate how we calculate the difmer adjustment in cases involving high-inflation economies, assume that the Egyptian sale occurred in May at a per-unit price of $10.00. Production of the Egyptian merchandise occurred only during the three-month period from May through July. The table below provides information regarding the variable costs incurred in manufacturing the Egyptian product. The information is reported in the local currency (LC) of the exporting country.

Month	Per-Unit Nominal VCOM	Total Production Quantity	Total Nominal VCOM	Inflation Indices	Total Inflation-Adjusted VCOM	Per-Unit Inflation-Adjusted VCOM
January				100		
February				134		

March				201		
April				293		
May	LC 51.00	40	LC 2,040	404	LC 4,408	LC 45.67
June	68.00	40	2,720	647	3,670	73.13
July	95.00	50	4,750	873	4,750	98.68
Totals		130	LC 9,510		LC12,828	

Note that the inflation-adjusted variable cost figures in the table are calculated using the same method shown above under "Calculation of COP and CV." That is, using the inflation indices, the total nominal cost figures in each month are indexed to the last month in which production occurred (*i.e.*, July) in order to compute a weighted-average cost of LC 98.69, or LC 12,828 divided by the production quantity of 130 units. The inflation-adjusted variable cost figure for May of LC 45.67 is then computed as LC 98.68 x (404/873).

To continue the illustration, during the month of May, the EC model most similar to the Egyptian product was sold at a per-unit price of LC 70.00. The average exchange rate for May was LC 6.00 to $1.00. Production of the similar EC model, however, occurred only during two three-month periods, January through March and September through November. The variable costs incurred for the product are shown in the table below.

Month	Per-Unit Nominal VCOM	Total Production Quantity	Total Nominal VCOM	Inflation Indices	Total Inflation-Adjusted VCOM	Per-Unit Inflation-Adjusted VCOM
January	LC 10.00	50	LC 500	100	LC26,705	LC 10.17
February	14.00	45	630	134	25,111	13.63
March	22.00	55	1,210	201	32,152	20.44
April				293		29.80
May				404		41.09
June				647		65.80
July				873		88.79
August				1240		126.11
September	173.00	60	10,380	1870	29,647	190.19
October	242.00	60	14,520	2518	30,799	256.09
November	387.00	50	19,350	3514	29,410	357.39
December				5341		543.20
Totals		320	46,590		173,824	

Although the EC product was not manufactured during May, the month of the Egyptian sale, we can derive a variable cost of LC 41.09 for the product using the weighted-average cost at the end of the period and the inflation indices, or LC 543.20 x (404/5341). We can then calculate the difmer adjustment and NV as follows:

Difmer = Egyptian VCOM – EC VCOM = LC 45.67 – LC 41.09 = LC 4.58
NV = EC Price – Difmer = LC 70.00 – LC 4.58 = LC 65.42

To calculate the dumping margin in this example, we convert NV to U.S. dollars using the average exchange rate of LC 6.00 to $1.00 to derive the foreign unit price in U.S. dollars of $10.90. Comparing the dollar-denominated NV to the Egyptian price of $10.00 results in a dumping margin of $0.90, or 9.0 percent, calculated as ($10.90 - $10.00)/$10.00.

We normally calculate the COP and CV based on the records of the producer if such records are kept in accordance with the GAAP of the country and reasonably reflect the costs associated with the production and sale of the merchandise. However, in some countries experiencing high inflation, GAAP of the country cannot be used because, for example, the accounting records and financial statements have not been adjusted for the effects of inflation. Companies in countries with a long history of high inflation may maintain their accounting records and prepare their financial statements on an inflation-adjusted basis following the GAAP of the country. Such data may be useful for our purposes, and may be used as an alternative to indexation by the Department, provided that the data are derived in a way that does not distort dumping margins. You should check with your accountant and supervisor if costs in your case are submitted in "constant currency" terms.

Where inputs are purchased in U.S. dollars, or for an unspecified amount in foreign currency corresponding to a stated amount of U.S. dollars, we may use the dollar acquisition cost because the dollar is not subject to major inflation. Similarly, where prices of materials and wages remain constant due to government controls, the reported costs in the company's records reflect the current value of these costs, and need not be indexed. For certain types of costs (*e.g.*, depreciation), we may rely on the historical cost adjusted for inflation by indexing or other methods.

Other areas for special consideration in the calculation of COP and CV include G&A expenses and finance (interest) costs. For G&A expenses, the monthly amounts that comprise fiscal-year historical costs may be indexed to obtain a year-end average. Interest expense will be calculated differently depending on the lending terms and the country's GAAP. However, there is precedent for calculating G&A expenses and finance costs based on indexed financial statements, rather than historical statements, if maintained by the respondent in the ordinary course of business.

XVI. NON-MARKET-ECONOMY COUNTRIES

References:

Regulation of Law No. 161/1998

Article 32 – Normal Value

One of the most complicated areas under the Law is the calculation of NV for cases involving NME countries. The presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid using our normal methodologies. In addition, the fact that the currencies of these countries may not be convertible means that, even if a NV could be calculated in

the country, it might not be expressed meaningfully in U.S. dollar terms. Always consult with your supervisor if you are assigned a NME investigation.

1. The country in your case, call it "X", has NME country status if: (1) the Department has treated X as a NME country in past cases and no interested party contests NME treatment in your case, or (2) there is no prior history of NME country treatment for X, but the Department nevertheless determines (in your case) that NME methodologies are warranted. In making such a determination, the Department would consider six factors and would give full consideration to all interested party comments and arguments. Situation 2 arises only where there is no case history, such as with North Korea.

2. For NME countries the Department will calculate NV using market economy ("surrogate country") prices to value the NME country "factors of production" used to produce the subject merchandise. These factors include, but are not limited to, 1) hours of labor required, 2) quantities of raw materials employed, 3) the amount of energy and other utilities consumed, and 4) representative capital costs, including depreciation. To these factor costs the Department would add amounts for factory overhead, SG&A, profits, and packing.

3. The valuation of labor is different from the valuation of all other material or physical inputs because we set the rate for each year. This wage rate essentially is an average of wages prevailing in market-economy countries at the per-capita GDP (or, preferably, the GNP) of the NME country.

4. The country you use as a surrogate must be, to the extent possible, at a stage of economic development comparable to the NME country and a significant producer of comparable merchandise.

5. The Department will determine, primarily on the basis of per-capita income, which market-economy countries (any country not treated as a NME country) are economically comparable to the NME and, hence, qualify as potential surrogates. Check with your supervisor for a current list of potential surrogates in each investigation/review that you do. Once you have this list of 5 or 6 countries, your team must then determine, on the basis of interested party comments and input from Egyptian Government industry experts (if any), which, if any, of the countries on the list is a significant producer of comparable merchandise.

6. If the necessary price data is not available for factor valuation purposes, you may base NV on the price at which merchandise comparable to the subject merchandise is exported from the surrogate country to other countries, including Egypt. We have never needed to resort to this alternative.

A. Hierarchy for Valuing Factors of Production

The Department considers it appropriate in NME cases to rely, to the extent possible, on publicly available information from the first-choice surrogate country to value all factors of production (except labor). However, if the inputs used to produce the product under investigation or review are purchased by the NME respondent from market-economy suppliers and paid for in a market-economy currency, then you should use the actual price paid for these inputs, where possible, before relying on surrogate country information. Where a portion of an input is purchased from a market-economy supplier and the remainder from a NME producer, you would normally value the factor using the price paid to the market-economy supplier.

In developing factor value information, try to remain within one surrogate country to the extent possible. If there is no reliable information from the first-choice surrogate country for a particular factor, attempt to use public data from another surrogate.

B. NME Factor Valuation and Construction of NV

Factors of production are inputs such as materials, labor, and energy used in producing a product. Material inputs are measured in the number of physical units used in the production of the product, such as tons, pounds, gallons, etc. Labor is measured in terms of hours and we distinguish between direct and indirect labor. Energy is measured in terms of quantities used, such as BTUs (gas), kilowatt hours (electricity), gallons (fuel oil).

The NME questionnaire requires information on the quantity of inputs actually used to produce the subject merchandise in the NME. If the NME exporter is a trading company, we will normally require factors information from each of the factories supplying that trading company with exports of the subject merchandise to Egypt. Where there are a large number of factories involved in the production of the merchandise, we may limit our questionnaire to only the largest suppliers.

1. Valuation of Materials and Energy

We rely almost exclusively on publicly available data sources to value input factors. The U.S. has developed an index of such sources employed in previous NME investigations and reviews. (See Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from the PRC, and Index of Factor Values for Use in Antidumping Duty Investigations Involving Products from NME Countries Other Than the PRC.) Parties should be encouraged to submit factor values. Where we have several surrogate values from which to choose, we make our selection based on the quality and contemporaneity of the data.

A primary quality concern is the extent to which the surrogate factor price corresponds to the NME factor of production. In many cases an exact match is not possible, *e.g.*, we must match no. 2 fuel oil to the price of no. 4 fuel oil, or we must use the price of a basket of goods that includes, but is not limited to, the NME factor. If subject merchandise is energy-intensive, we should use the price of energy to large users in the surrogate country. Note that we value factors of production using prices contemporaneous with the POI/POR,

regardless of when the subject merchandise was actually produced. If the values are not contemporaneous with the POI or POR, we adjust them using wholesale price indices from publicly available sources. Moreover, to the extent possible, we use tax- and duty-exclusive factor prices. Further, factor values should be prices that are broadly available in the surrogate economy. For example, if we have information on what a particular producer pays for an input and also have information on what producers economy-wide pay for the same input, we would choose the latter (all other things being equal).

Where we cannot develop publicly available data in the surrogate country, we use data from other sources, including that supplied through our embassy in the surrogate country. We may also use information from the petition as facts available.

a. Materials

To obtain a cost figure, we multiply the surrogate factor price by the factor input quantity, including a wastage factor, if applicable. If a by-product or a co-product is generated in the manufacturing process, we allow a credit for it in accordance with GAAP.

b. Labor

We value labor hours using regression-based wage rates that should be updated once a year. (These wage rates are posted on the U.S.'s Import Administration's web page.)

We calculate direct labor cost by multiplying the labor hour input and the regression-based wage rate.

Indirect labor may not need to be valued separately if it is included in the surrogate value for factory overhead (see below).

c. Energy and Utilities

Most production processes use a variety of energy sources. These may include the use of electricity, steam, natural gas, oil, or water. We value these inputs by determining the amount of each energy source or utility used in the production process and applying the appropriate per-unit surrogate values.

If energy is not an important production factor it may not be necessary to quantify this input separately. In this situation, energy may be included in the surrogate value for factory overhead (see below). If it is included in overhead, do not double-count energy and utilities.

2. Factory Overhead, General Expenses, and Profit

Factory overhead, general expenses, and profit are included in the constructed value. Until recently, published surrogate information to value these cost

elements has been unobtainable. However, in two 1996 investigations involving PRC products, the U.S. used publicly available financial statements of producers of comparable merchandise from the surrogate country. For these three factors, it is important to fine-tune the information as much as possible to surrogate producers of the identical (or similar) merchandise, rather than more broadly aggregated data.

a. Factory Overhead

The most important component of factory overhead is depreciation. It can also include supervisory and indirect labor, maintenance, and energy. Normally, factory overhead is expressed as a percentage of the cost of goods sold.

b. General Expenses

Included in general expenses are selling and administrative expenses (SG&A). We use actual SG&A expense amounts obtained from published data sources. When the published information from the surrogate country does not distinguish between direct and indirect selling expenses, we do not make an adjustment for COS differences in EP cases. We will only deduct these items when calculating CEP if we can break out direct and indirect expenses on the NV side.

d. Profit

We rely on actual profit amounts from published data in the surrogate country. Profit is usually found in published company financial statements.

3. Packing

Packing for shipment to Egypt is valued in the surrogate country based on factor amounts for materials and labor supplied by the NME respondent.

C. Separate Rates

Individual dumping margins are automatically assigned to exporters in market-economy country cases. In NME cases, however, exporters must pass a "separate rate" test to receive their own, individual dumping margins. Those exporters that do not pass this test receive the NME countrywide dumping margin.

The separate rate test essentially requires that the exporter demonstrate that its export activities, on both a de jure and de facto basis, are not subject to government control. Evidence supporting, though not requiring, a finding of de jure absence of government control over export activities would include 1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses, and 2) any legislative enactments devolving central control of export trading companies.

Relevant evidence for the de facto determination includes: 1) whether the export prices are set by or are subject to the approval of a government authority, 2) whether the respondent has the authority to negotiate and sign contracts and other agreements, 3) whether the respondent has autonomy from the government in making decisions regarding the selection of management, and 4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. "Ownership by all the people," where private property/ownership does not yet exist on a large scale, does not itself imply anything about government control over export activities.

In situations where the NME respondent's ownership is located outside the NME, we will not perform a separate rates analysis for the NME respondent because it is beyond the jurisdiction of the NME government. Accordingly, these types of NME respondents can be given separate rates.

D. Market-Oriented Industry (MOI)

In certain circumstances the Department can use the market-economy methodology to determine NV in an NME case. To identify those situations where we would use our market-economy methodology and calculate NV based on domestic prices or costs in the NME, we will use the market-oriented industry (MOI) test.

An affirmative finding of a market-oriented industry requires:

- For the merchandise under investigation or review, there must be virtually no government involvement in setting prices or amounts to be produced. For example, state-required production or allocation of production of the merchandise, whether for export or domestic consumption in the NME country, would be an almost impossible barrier to finding a MOI.

- The industry producing the merchandise under investigation or review should be characterized by private or collective ownership. There may be state-owned enterprises in the industry, but substantial state ownership would weigh heavily against finding a MOI.

- Market-determined prices must be paid for all significant inputs, whether material or non-material (*e.g.*, labor and overhead) and for all but insignificant proportions of all the inputs accounting for the total value of the merchandise under investigation or review. For example, an input price will not be considered market-determined if the producers of the merchandise pay a state-set price for the input or if the input is supplied to the producers at government direction. Moreover, if there is any state-required production in the industry producing the input, the share of state-required production must be insignificant.

If these conditions are not met, the producers of the merchandise under investigation or review will be treated as NME producers and the NV will be calculated accordingly.

E. Sample Calculation for NV

The sample calculation shown below is a very simple example of the type of factors valuation calculation that is done in investigations or reviews involving merchandise from a NME country.

The product is widgets from NME country A, and the surrogate is country B

Factor in Country A	Factor Amount (including waste) Used in Country A	Value in Country B
Steel rod	100 lbs.	$0.35 per lb.
Plastic molding	2 lbs.	$2.50 per lb.
Labor	45 min.	$10 per hr.
Factory overhead		20% of cost of goods sold
SG&A		20% of foregoing
Profit		5% of foregoing
Export packing + packing labor	carton	$2.00/pc. & straps

Factor	Calculation of Value	Per-Unit Amount
Steel	100 lbs. x $.35/lb.	$35.00
Plastic	2 lbs. x $2.50/lb.	$ 5.00
Labor	45 min. x $10/hr.	$ 7.50
Subtotal		$49.50
Factory overhead	49.50 x .20	$ 9.90
Subtotal		$59.40
SG&A	59.40 x .20	$11.88
Subtotal		$71.28
Profit	71.28 x .05	$ 3.56
Packing		$ 2.00
NV	(Materials + labor +factory overhead + SGA + profit)	$76.84

XVII. AFFILIATED PARTIES

References:

Regulation of Law No. 161/1998
- Article 1 – independent buyer
- Article 33 – CEP
- Article 36 – factors that affect price comparability

Anti-dumping Agreement
- Article 2.4 – any other differences that affect price comparability
- Article 4.1 – footnote 11

In these days of mergers, conglomerates, and multinationals, we are often faced with situations that involve affiliated parties and affiliated-party transactions in our

consideration of sales comparisons and in the calculation of COP and CV. In defining relationships we normally do not consider the companies to be affiliated where stock ownership is less than five percent. However, we may find two parties to be affiliated with less than five percent or no stock ownership if we find other evidence of control in such areas as close-supplier relationships, franchise or joint venture agreements, debt financing, or other corporate or family affiliations.

A. Affiliated-Party Sales

The location of the affiliated party in the sales process in the EC or third-country market determines the level of transaction we require a respondent to report. When sales of the foreign like product are made through an affiliated company, we require that the affiliated company report the resales of the product to its first unaffiliated customer, unless the sales account for less than five percent of the total value (or quantity) of the exporter's or producer's sales of the foreign like product. Depending on the circumstances, the Department may decide that a percentage higher than five percent is an appropriate benchmark. For example, this situation would apply to merchandise resold in the home market by an affiliated distributor. If an affiliated purchaser in the home market consumes the merchandise, the respondent should report these sales. Sales of this type can only be used if the Department is satisfied that the price is comparable to the price at which the exporter or producer sold the foreign like product to an unaffiliated person.

We include home market or third-country affiliated-party sales in our analysis only if the respondent's sales are made at "arm's length", *i.e.*, at prices and terms that are comparable to sales to unaffiliated parties. In determining whether affiliated-party transactions are made at arm's-length prices, we generally compare the respondent's reported prices to affiliated parties with the respondent's prices to unaffiliated parties at the same level of trade. If affiliated-party prices are, on average, less than 99.5 percent of unaffiliated-party prices, we reject them. If the affiliated-party prices are comparable, then the Department includes them in the margin analysis. If there are no comparable sales to unaffiliated parties to use as an arm's-length benchmark or the sales in question are not deemed to be at arm's length, we generally will disregard the reported sales to affiliated parties for margin calculation purposes. Finally, when the sales made through the affiliated party constitute all or a significant percentage of home market sales, the Department calculates NV based on the sales price by the affiliate to the first unaffiliated party. Regarding the 99.5 percent test, consult with your supervisor to ensure there has not been a change in policy.

An example of a decision regarding affiliated-party transactions:

In order to identify the manufacturer, producer, or exporter of the merchandise, we require the recipients of our questionnaires to see that affiliated companies also report their sales. Here, Company A owns virtually 100% of Company B, which sells brass sheet and strip products in the home market. Despite our repeated requests, Company A refuses to report Company B's home market sales, arguing that the regulation does not permit us to "collapse" the companies. While it is true that the regulation does not directly address this issue, the regulation is not intended to cover all factual situations that arise in anti-dumping cases. In our view, it is necessary for respondents to report sales by affiliated companies to ensure our investigation or review covers the

applicable Egyptian and home market sales of the class or kind of merchandise. If respondents were not required to report these sales, they could manipulate their affiliates' selling prices or set up separate home market selling subsidiaries, so as to mask sales at less than fair value. We cannot ensure that we have adequately investigated applicable sales of the merchandise subject to investigation unless affiliated companies' sales are reported. Therefore, we view our reporting requirement as a reasonable exercise of our authority to administer the anti-dumping law.

B. COP/CV and Affiliated Parties

When calculating COM for CV or COP, it is common to find affiliated suppliers of goods and services used in making the subject merchandise or foreign like product. We may scrutinize these affiliated-party transactions to determine if the price of the input is less than purchases from, or sales to, independent parties (*i.e.*, whether they are at arm's length). We may also investigate whether transactions involving affiliated suppliers of major inputs are made at prices above the COP of the input. A decision on affiliation may be based on a close-supplier relationship. See your supervisor if you encounter these types of situations. See sections XIII and XIV for more information on CV and COP affiliated-party transactions.

C. Other Affiliated-Party Transactions

Occasionally we find affiliated suppliers of services that are not considered under the COP/CV area. These situations most frequently involve freight companies, insurance companies, or commissionaires. We follow the same procedures we follow for COP/CV, *i.e.*, we try to establish whether the prices paid for these services are arm's-length. See section VIII for more information on affiliated-party commissions.

XVIII. TAXES

References:

Regulation of Law No. 161/1998

None

Anti-dumping Agreement

Article 2.4 – differences in taxes

Any taxes imposed directly upon the foreign like product or components thereof (EC sales) which have been rebated or not collected on the subject merchandise (Egyptian sales) are required to be deducted from NV, but only to the extent that such taxes are added to or included in the price of the foreign like product. This is intended to ensure dumping margins will be tax-neutral.

The following sample calculation illustrates the adjustment required for indirect taxes for sales in the EC. When NV is based on third-country sales this adjustment is usually not necessary as the taxes usually only apply to sales in the EC.
EC Sales

Wt-aver EC price	DM 6.50
Less included consumption tax	DM 1.00

Wt-aver EC price, net of taxes DM 5.50

Egyptian Sales
There is no need for an adjustment, as EC internal consumption taxes have been rebated or not collected on Egyptian sales.

Note, however, that VAT taxes in Brazil are structured differently than those in other countries, and consult with your supervisor on how to adjust for them.

XIX. CURRENCY CONVERSIONS

References:
Article VI of the GATT 1994
Article 2.4.1 – currency conversions

To determine if dumping margins exist, price comparisons must be done in the same currency. Accordingly, one of the final steps in calculating NV is the conversion of the net price or CV from foreign currency into either a U.S. dollar amount or an Egyptian pound amount, whichever the EP or CEP is expressed.

A. General Rule

The Department should ignore "fluctuations" in the exchange rate and provide respondents in an investigation at least 60 days to adjust prices after a "sustained movement" in the exchange rate.

B. Summary of (U.S.) Model

Whenever the U.S. dollar is being used: The U.S. DOC has developed an exchange rate model which determines the official rate for each day on the basis of a lagged rate. A list of official rates starting with January 1, 1992, for the 30 exchange rates collected by the New York Federal Reserve Bank is available on the Internet (www.ita.doc.gov./import_admin/records).

The model classifies each daily rate as "normal" or "fluctuating" based on a "benchmark" rate. The benchmark is a moving average of the actual daily exchange rates for the 40 reporting days immediately prior to the date of the actual daily exchange rate to be classified. Whenever the actual daily rate varies from the benchmark rate by more than two-and-a-quarter percent, the actual daily rate is classified as fluctuating. If the rate is within two-and-a-quarter percent, the actual daily rate is classified as normal. Actual daily rates classified as normal are the official exchange rate for that day. However, when an actual daily rate is classified as fluctuating, the benchmark rate is the official rate for that day.

Whenever the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks ("the recognition period"), the model classifies the exchange rate change as a sustained movement. During the eight-week recognition period, the model continues to classify

each daily rate as normal or fluctuating and to substitute the benchmark rate for the actual daily rate when the daily rate is fluctuating.

When there has been a sustained movement increasing the value of a foreign currency in relation to the dollar, respondents under investigation, but not review, are given 60 calendar days to correct their prices. The 60-calendar-day grace period begins on the first day after the recognition period. During that period the official rate in effect on the last day of the recognition period will be the official rate in the investigation. For reviews, the model continues to apply the eight-week average to determine whether daily rates are normal or fluctuating.

When a foreign currency has decreased in value in relation to the dollar, there is no adjustment required for a sustained movement, and the official rate generated by the model will normally apply to currencies depreciating against the dollar. However, in both investigations and reviews, whenever the decline in the value of a foreign currency is so precipitous and large as to reasonably preclude the possibility that it is only fluctuating, the lower actual daily rates will be used from the time of the large decline.

C. Decision Rules in Greater Detail

Below is a summary of the decision rules used in applying the model:

1. We will use the actual daily exchange rate unless the actual daily rate varies by more than two-and-a-quarter percent from the benchmark rate ("fluctuates"). The benchmark rate is defined as the moving average exchange rate of the 40 reported days immediately preceding the date of the exchange rate being tested and classified.

2. When the actual daily rate fluctuates from the benchmark rate, we will use the benchmark rate until the daily rate fluctuates by more than five percent in the same direction from the benchmark rate for a period of 40 days (approximately eight weeks). In other words, the weekly average of the actual daily rates will be compared to the average benchmark rate for the same week. If the actual exchange rate average exceeds the benchmark average by five percent or more for eight consecutive weeks, a sustained movement in the value of the currency is deemed to have occurred.

3. In investigations, if a sustained movement has occurred and the foreign

currency has increased in value in relation to the U.S. dollar, continue to use the official rate from the last day of the recognition period for 60 days following the end of the recognition period. On the 61st day, return to comparing the actual daily rate to the benchmark rate.

Whenever the decline in the value of a foreign currency is so precipitous and large as to reasonably preclude the possibility that it is only fluctuating, use actual daily rates from the start of the recognition period.

D. Other Discussion and Sample Calculations

See Section XV for a discussion of the effect of currency conversions in high-inflation-economy investigations or reviews.

Sample calculations throughout this paper include illustrations of the mechanics of currency conversion.

XX. EXPORTATION FROM AN INTERMEDIATE COUNTRY

References:

Anti-dumping Agreement

Article 2.5 – exportation from an intermediate country

When merchandise is shipped through an intermediate country, NV will be based on prices for the merchandise in the intermediate country. However, NV can be based on sales prices in the country of origin if any of the following conditions are met: 1) the producer knew at the time of the sale that the merchandise was destined for exportation; 2) the subject merchandise is merely transshipped through the intermediate country; 3) sales of the foreign like product in the intermediate country do not meet the market viability requirements; or 4) the foreign like product is not produced in the intermediate country.

Consult your supervisor if your investigation or review involves merchandise shipped through an intermediate country.

Administrative Review
Public Document

NAME
ADDRESS

Dear Sir or Madam:

As you are aware, on **[insert date]**, we initiated an administrative review to determine whether imports into the United States of **[insert subject merchandise]** from **[insert nonmarket economy country]** are being sold at dumped prices.

As the representative of the government of the **[insert country]**, the Department requests your assistance in transmitting this questionnaire to all companies who manufacture the subject merchandise for export to the United States, and all companies who are engaged in exporting subject merchandise to the United States.

In past cases, the Department has treated the **[insert country]** as a nonmarket economy (NME) country. In accordance with section 771(18)(C) of the Tariff Act of 1930, as amended (the Act), any determination that a foreign country is an NME shall remain in effect until revoked. Because the **[insert country]** is an NME country and normal value cannot be calculated under section 773(a) of the Act for purposes of this administrative review, we will compute normal value by valuing the **[insert country]** producers' factors of production in a market economy country. Specifically, section 773(c) of the Act provides that the factors of production will be valued in one or more market economy countries ("surrogates") that are at a level of economic development comparable to the **[insert country]** and are significant producers of comparable merchandise.

General instructions for responding to the questionnaire follow immediately after the table of contents. We have divided the questionnaire itself into four sections, A, C, D, and E, and attached supplemental information, including a glossary of terms, in Appendices I through V.

All parties are requested to respond to section A (General Information), all exporters are required to respond to section C (Sales to the United States), and all manufacturers are required to respond to section D (Factors of production).

Companies are not currently required to respond to section E (Cost of Further Manufacturer or Assembly Performed in the United States). However, we may request a response to this section if we determine, based on the responses to section A, that we require the information requested to account for further processing expenses incurred in the United States.

The Department presumes that a single antidumping margin is appropriate for all exporters in a nonmarket economy country. The Department may, however, consider requests for separate rates from individual exporters. The appropriate questions are contained in section A of the questionnaire. (Please note that there are specific questions for both the government and the individual companies to answer in order for the Department to fully consider a request for separate rates.)

The Department may, if requested, consider whether the **[insert subject merchandise]** industry in the **[insert country]** is a market-oriented industry (MOI). Exporters that can provide evidence that the **[insert subject merchandise]** industry in the **[insert country]** is market-oriented should contact the official in charge, listed on the cover page of the questionnaire, immediately.

Please refer to the cover page and general instructions of the enclosed questionnaire for the time period covered by this administrative review, the due dates for responding to the questionnaire, and the instructions for filing the response. If you have any questions about those or any other matters, please contact the official in charge.

If you are unable to respond to this questionnaire within the specified time limits or are unable to provide the information in the form required, please contact the official in charge of this administrative review. We will attempt to accommodate any difficulties that you encounter in answering this questionnaire. However, that accommodation cannot conflict with our obligation to conduct the administrative review within the timeliness and informational requirements of United States law.

Sincerely,

XXXXX

UNITED STATES DEPARTMENT OF COMMERCE
IMPORT ADMINISTRATION
OFFICE OF ANTIDUMPING COMPLIANCE

REQUEST FOR INFORMATION

***(NAME of RESPONDENT*)**
(COUNTRY)
(PRODUCT)

PERIOD OF ADMINISTRATIVE REVIEW: (*period*)

RESPONSE DUE DATE: (*specify by section*)

OFFICIAL IN CHARGE:

PHONE: (202) 482-
FAX: (202) 482-
INTERNET:

Return Questionnaire Response to:

Office of Antidumping Compliance
Import Administration
U.S. Department of Commerce
Fourteenth Street and Constitution Avenue, N.W.
Room 1870
Washington, D.C. 20230

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Appendix I Glossary of Terms

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GENERAL INSTRUCTIONS

This nonmarket economy questionnaire requests information for the United States Department of Commerce (the "Department") to determine whether your company dumped the **subject merchandise** in the United States. Dumping is the sale of merchandise to the United States at prices below the **normal value** of the merchandise. If you have questions, we urge you to consult with the official in charge named on the cover page. If for any reason you do not believe that you can complete the response to the questionnaire by the date specified on the cover page of this questionnaire, or in the form requested, you should contact the official in charge immediately.

Your response to the questionnaire should include all of the information requested. It is essential and in your interest that the Department receive complete information early in the proceeding to ensure a thorough and accurate analysis and to provide all parties the fullest opportunity to review and comment on your submission and the Department's analysis. We appreciate your cooperation in this administrative review.

This administrative review will be conducted on a schedule dictated by law. If you fail to provide accurately the information requested within the time provided, the Department may be required to base its findings on the **facts available.** If you fail to cooperate with the Department by not acting to the best of your ability to comply with a request for information, the Department may use information that is adverse to your interest in conducting its analysis.

This questionnaire consists of the following sections:

Section A requests information about your organization and accounting practices, and general information regarding sales of the merchandise under administrative review.

Section B Not Applicable

Section C requests information about the United States market, including a sales list and other data necessary to calculate the price in or to the United States market.

Section D requests information about the **factors of production** of the merchandise sold in or to the United States.

Section E requests information about further processing in the United States prior to delivery to un**affiliated** United States customers.

Please comply with the following general instructions for filing and preparing your response to this questionnaire.

I. Instructions for Filing the Response

1. File your response in Washington, D.C., U.S.A., at the address listed on the cover of the questionnaire.

2. **Proprietary versions** of the response should be submitted on the day specified on the cover of the questionnaire. The **public version** of the response may be filed one business day after the proprietary version.

3. File the original and nine copies of the proprietary version. However, if you file an electronic copy of the proprietary version in Word Perfect 6.0, you need file only the original version and four copies. For either alternative, only one copy of sample printouts and electronic media containing sales files and cost files need be submitted. (Appendix II contains instructions for filing electronic media.)

File the original and four copies of the public version of your narrative response and attachments, including sample printouts.

4. Submit the required **certification of accuracy.** Providers of information and the person(s) submitting it, if different (e.g., a legal representative), must certify that they have read the submission and that the information submitted is accurate and complete. The Department cannot accept questionnaire responses that do not contain the certification statements. A form for such certification is included at Appendix IV of this questionnaire. You may photocopy this form and submit a completed copy with each of your submissions.

5. Provide the required certificate of service with each proprietary version and public version submitted to the Department.

6. Request **proprietary treatment** for information submitted that you do not wish to be made publicly available. As a general rule, the Department places all correspondence and submissions received in the course of an antidumping proceeding in a public reading file. However, information deemed to be **proprietary information** will not be made available to the public. If you wish to make a request for proprietary treatment for particular information, refer to sections 353.32 and 353.33 of the Department's regulations. Submit the request for proprietary treatment no later than one business day following the submission of the proprietary version of the questionnaire response accompanied by:

(1) a non-proprietary (public) version of your response that is in sufficient detail to permit a reasonable understanding of the information submitted in confidence, and/or

(2) an itemization of particular information that you believe you are unable to summarize, accompanied by a statement of the reasons you believe that to be true.

7. Submit the statements required regarding limited release of proprietary information under the provisions of an **administrative protective order** ("APO"). U.S. law permits limited disclosure to representatives of parties (e.g., legal counsel) of certain business proprietary information, including electronic business proprietary information, under an APO. (Note that data received under an APO cannot be shared with others who are not covered by the APO.) Under the provisions governing APO disclosure, you must submit either:

(1) a statement agreeing to permit the release under APO of information submitted by you in confidence during the course of the proceeding, or

(2) a statement itemizing those portions of the information which you believe should not be released under APO, together with arguments supporting your objections to that release.

We are required by our regulations to reject, at the time of filing, submissions of business proprietary information that do not contain one of these statements. You must state in the upper right-hand corner of the cover letter accompanying your questionnaire response whether you agree or object to release of the submitted information under APO. (See section 353.31(e)(2) of our regulations for specific instructions.)

8. Place brackets ("[ ]") around information for which you request business proprietary treatment. Place double brackets ("[[ ]]") around information for which you request proprietary treatment and which you do not agree to release under APO.

9. Provide to all parties whose representatives have been granted an APO (as listed in the cover letter to the questionnaire or as listed in a subsequent letter from the Department) a complete copy of the submission, proprietary and public versions, except for that information which you do not agree to release under APO. If you exclude information because you do not agree to release it under APO, submit with your response to the Department a certificate of service and a copy of the APO version of the document containing the information that you agree may be released under APO. For parties that do not have access to information under APO, please provide a public version only.

II. Instructions for Preparing the Response

1. Prepare your response in typed form and in English. Include an original and translated version of all pertinent portions of non-English language documents which accompany the response. If this is impractical for certain of the documents, please contact the official in charge.

2. Repeat the question to which you are responding in your narrative submission and place your answer directly below it. To assist you, we have provided a copy of the questionnaire on diskette in Word Perfect 5.1/5.2.

3. Refer to the instructions at Appendix II for information requested in electronic form (i.e., sales lists and factors of production data).

4. Include all worksheets, financial reports and other requested documents as appendices to your response.

5. Identify any source documents maintained in the normal course of business you have relied on in preparing your response, and specify the locations where such documents are maintained. Please include this information in an Appendix to your response. This information is used by the Department to prepare for verification.

6. Prepare sample printouts of information from each computer file submitted. The sample should contain the first and every fiftieth record (i.e., observations 1, 50, 100, . . ., n) in each file submitted. However, if the total records in a file number less than 500, prepare a printout of the entire file. Submit the printouts with the electronic files (see Appendix II part D).

7. Provide a table of contents and a table of attachments. Assign a number to each attachment and include a descriptive name for each attachment and its number in the table.

SECTION A

Organization, Accounting Practices, Markets and Merchandise

1. Quantity and Value of Sales

a. State the total quantity and value of the merchandise under review that you sold during the period of review ("POR") in the United States. A chart for reporting the sales quantity and value can be found at the end of this section. Complete a chart for all **subject merchandise** produced and sold by your company.

b. Exclude your U.S. sales to **affiliated resellers**. Report instead the resales to the first unaffiliated customer.

c. If you export merchandise for entry into a foreign trade zone ("FTZ") or into a bonded warehouse in the United States, this may affect the way we treat these sales. Please contact the official in charge to discuss the reporting requirements.

The Department presumes that a single weighted-average dumping margin is appropriate for all exporters in a nonmarket economy country. The Department may, however, consider requests for separate rates from individual exporters. Individual exporters requesting a separate rate must respond to the following questions in order for the Department to consider fully the issue of separate rates.

2. Separate Rates

This section requests economic, industry, and company-specific information. All companies requesting a separate rate must respond to the following questions.

a. Please describe and explain:

(i) Who owns your company;

(ii) Who controls your company;

(iii) Your company's relationship with the national, provincial, and local governments, including ministries or offices of those governments;

(iv) Your company's relationship with other producers or exporters of the subject merchandise. Do you share any managers or owners?

b. Does the entity which owns or controls your company also own or control other exporters of the subject merchandise?

c. If your company is owned or controlled by a provincial or local government, please identify other producers/exporters of the subject merchandise in your province or locality.

d. Provide any legislative enactments or other formal measures by the government that centralize or decentralize control of the export activities of your company. Provide English translations of each document.

e. Provide copies of any business licenses held by your company and English translations of those licenses.

(i) What governmental agency or office is responsible for issuing the licenses?

(ii) Describe the purpose of the licenses.

(iii) Do the licenses impose any limitations on the operations of your company? Do the licenses create any entitlements for your company? Describe and explain these limitations and entitlements.

(iv) Under what circumstances could the licenses be revoked, and by whom?

(v) Will these licenses need to be renewed? What actions must your company take to obtain renewal?

f. Describe any controls on exports of the subject merchandise to the United States.

(i) Does the subject merchandise appear on any government list regarding export provisions or export licensing? If so, why was the product included in that list?

(ii) Do export quotas apply to the subject merchandise? If so, describe the process by which your company received its quota. Does the quota allocation process involve <u>any</u> government participation in the setting of export prices? Explain the quota allocation process. Are export licenses required for exports of the subject merchandise to the United States? If so, explain the licensing process and describe how your company obtained its export license(s). Does the licensing process involve <u>any</u> government participation in the setting of export prices?

g. Describe how your company sets the prices of the merchandise it exports to the United States. Does your company negotiate prices directly with your customers? Are these prices subject to review by or guidance from any governmental organization? Provide evidence of any price negotiations.

h. Does your company coordinate with other exporters in setting prices or in determining which companies will sell to which markets? What role does the Chamber of Commerce play in coordinating the export activities of your company?

i. Describe how your company negotiates sales to the United States of the subject merchandise. Who in your company has the authority to contractually bind the company to sell merchandise? Does any organization outside your company review or approve any aspect of the sales transaction (<u>e.g.</u>, the price,

the product to be sold, the customer)? If so, identify the organization and explain the organization's role.

j. Is your company, or any manager of your company, expected to achieve foreign exchange targets set by any governmental authority? If so, how are these targets determined?

k. Describe how the management of your company is selected. If your company is required to notify any governmental authorities of who the managers are, please explain which authorities are notified and the purpose of the notification.

l. Please identify the people who currently manage your company and explain how they were selected for these positions. Also identify the position that each held prior to assuming their current management role in your company.

m. Are there any restrictions on the use of your company's export revenues? If so, explain when export earnings are deposited into a bank account:

(i) In whose name(s) is the account held?

(ii) Who has control of the account?

(iii) Who has access to the account?

n. Explain how your company's export profits are calculated. What is the disposition of these profits and who decides how the profits will be used?

o. Has your company suffered a loss on export sales in the past two years? If yes, how was that loss financed? If your company obtained loans from a bank, or attempted to obtain loans from a bank, describe the loan application process.

p. What does your company do with the foreign currency it earns on sales of the subject merchandise to the United States?

(i) If the foreign currency earned (or some portion of it) must be sold to the government, what exchange rate is applied?

(ii) If the foreign currency earned (or some portion of it) is retained by your company, describe any restrictions on the use of that foreign currency.

The remaining questions must be answered by all companies (exporters and manufacturers), whether or not the company is requesting a separate rate.

3. Corporate Structure and Affiliations

The purpose of the questions concerning operational and legal structures and affiliations is to provide the Department with an understanding of your company and its role in the manufacture and/or sale of the merchandise under administrative review.

a. Provide an organization chart and description of your company's operating structure. Describe the general organization of the company and each of its operating units. For example, if your operations are structured by product or families of products, provide a description of each product group; if your operations are structured by function, provide a list of functional groups and the activities performed by each.

Although you may provide a general description of the structure of the company as a whole, it is particularly important that the description of those units involved in the development, manufacture, sale and distribution of the merchandise under administrative review be sufficiently detailed to provide the Department with a good working understanding of how these units function within the company.

b. Provide a list of all the manufacturing plants, sales office locations, research and development facilities and administrative offices involved in the manufacture and sale of the merchandise under administrative review operated by your company. Briefly describe the purpose of each.

c. Provide an organization chart and description of your company's legal structure. In addition to the chart, provide a list of all companies affiliated with your company through stock ownership. In responding to this question, refer to the definition of affiliated person provided in the Glossary of Terms at Appendix I. Describe also the activities of each affiliated company, with particular attention to those involved with the merchandise under administrative review. Specify the percentage of ownership and cross ownership among the companies listed.

4. Sales Process

The **date of sale** for your sales to the United States is important to the Department's analysis. It will determine which sales and production factors are reported in response to sections C and D of this questionnaire. Note, however, that the Department's criteria for determining date of sale may differ from those that you apply in the normal course of business. A description of the Department's criteria is included in the Glossary of Terms at Appendix I; please use these criteria in preparing your response to this questionnaire. If you have difficulty deciding which date to use as the date of sale, please contact the official in charge immediately.

a. Describe the date (e.g., order date, shipment or invoice date) you have selected as the date of sale for sales to the United States during the period of administrative review, and explain why the date(s) selected best satisfies the Department's date of sale criteria. If you use different methods to identify the date of sale for different transactions, explain why you have done so.

b. Explain how you determined the ultimate customer or market for the products sold through resellers. For these sales, explain whether you restrict the reseller's volume or geographic area for distribution. In addition, explain whether you provide customer lists to or make joint sales calls with the reseller, or provide

post-sales support or purchase incentives to the reseller's customers. Provide written sales contracts or sales terms with these resellers.

c. Describe your agreement(s) for sales in the United States (e.g., long-term purchase contract, short-term purchase contract, purchase order, order confirmation). Provide a copy of each type of agreement and all sales-related documentation generated in the sales process (including the purchase order, internal and external order confirmation, invoice, and shipping and export documentation) for a sample sale in the U.S. market during the POI or POR.

d. Describe the types of changes that occur after the initial agreement that affect the terms of the sale other than delivery dates. Explain how these types of changes affected your determination of date of sale.

e. Provide the approximate percentage of sales of the merchandise under administrative review in the United States market made pursuant to each type of agreement listed in response to question 4. c. above.

f. Provide copies of all price lists used in sales of the merchandise under administrative review to the United States and identify the types of sales to which these price lists pertain. Include any discount or rebate schedules used with each price list.

5. Accounting/Financial Practices

A detailed understanding of your accounting and financial practices will help to ensure an accurate verification, and is necessary for the Department to analyze your reporting and allocation of expenses.

a. Describe your company's accounting and financial reporting practices, including your normal corporate accounting period.

b. Please provide the following financial documents for the two most recently completed fiscal years plus all subsequent monthly or quarterly statements: (1) chart of accounts; (2) audited, consolidated and unconsolidated financial statements (including any footnotes and auditor's opinion); (3) internal financial statements or profit and loss reports of any kind that are prepared and maintained in the normal course of business for the merchandise under administrative review; or, in the absence of such reports, for the product line that corresponds most closely to the definition of the merchandise under administrative review, including those for the next largest and smallest categories of merchandise and for the next largest and smallest internal business unit producing or selling the merchandise under administrative review; (4) financial statements or other relevant documents (i.e., profit and loss reports) of all affiliates involved in the production or sale of the subject merchandise in the U.S. market, of all affiliated suppliers to these affiliates, and of the parent(s) of these affiliates; (5) any financial statement or other financial report filed with the local or national government of the country in which your company is located.

6. Merchandise

The questions which follow relate to the merchandise under administrative review sold in the United States.

a. Provide a description of the types of merchandise under administrative review produced and/or sold by your company. Include in the description a list (and brief description) of any products with a similar production process to the merchandise under administrative review.

b. Provide a key to your product codes assigned to the merchandise in the normal course of business, including an explanation of the full range of prefixes, suffixes, or other notations that identify special features. Explain whether identical products are listed under different codes depending on whether the product is destined for the U.S. market or another market. If so, provide a list showing how identical products are identified by product codes.

c. Provide all catalogs and brochures issued by your company and affiliates that include the merchandise under administrative review sold by your company in the United States.

7. Further Manufacturing in the United States

This section of the questionnaire concerns subject merchandise exported to the United States and changed in value or physical condition ("**further manufactured**") prior to delivery to the first unaffiliated customer in the United States.

Provide the following information with respect to merchandise that is further manufactured in the United States.

a. Provide a list and description of the products sold to unaffiliated customers during the POR that were produced from or contain subject merchandise. For each such product sold, identify the particular subject merchandise used to produce that final product.

b. Provide the weighted-average net price for the period of administrative review charged to the affiliated importer for each product included in the administrative review that has been further manufactured and the weighted-average net price for the period of administrative review charged the unaffiliated U.S. customers for each further manufactured final product. Report this data in a format which will permit the Department to compare the transfer prices of the imported merchandise to the price of the final product sold in the U.S. market. We suggest that for each further manufactured product sold during the POI or POR, you list the product code and name of the subject merchandise included in that product, the net unit transfer price charged the affiliated importer, the amount of the subject merchandise consumed in the production of the further manufactured product, and the total value of the consumed subject merchandise (unit transfer price multiplied by the number of units consumed in production).

8. Exports Through Intermediate Countries

If you are aware that any of the merchandise you sold to third countries was ultimately shipped to the United States, please contact the official in charge within two weeks of the receipt of this questionnaire.

9. Sales of Merchandise Under Administrative Review Supplied by an Unaffiliated Producer.

Please respond to this section of the questionnaire if neither your company nor an affiliate produced the merchandise under administrative review which you sold to the United States.

a. Provide the names, addresses and facsimile numbers of those companies that supplied you with the merchandise under administrative review that your company or an affiliate sold to the United States.

b. State whether the supplier of the merchandise under administrative review knew or had reason to know the ultimate destination of any merchandise purchased by your company at the time of sale. For example, did you request that the supplier ship the merchandise directly to the United States; was the destination apparent from the product codes or other markings; were there product characteristics or features typical of the United States market? Was there an explicit or implicit understanding giving permission to or responsibility for exporting to the United States, or restricting, discouraging, or prohibiting sales in the home market or elsewhere? Does the supplier have the right to review your sales records? Does the supplier provide after-sales service in the United States, participate in U.S. sales calls or activities, or provide sales incentives to your customers?

c. State the currency in which your purchases from the supplier were transacted and paid.

10. Exports Through Trading Companies in Your Country

If you are aware that any of the merchandise that you sold to another company in your country was ultimately shipped to the United States, or was at the time the sale intended to be shipped to the United States, please contact the official in charge within two weeks of receipt of this questionnaire.

FORMAT FOR REPORTING QUANTITY AND VALUE OF SALES

Market	Unit of Measure	Total Quantity	Terms of Sale	Total Value
United States 1. Export Price 2. Constructed Export Price 3. Further Manufactured Total				

Values should be expressed in U.S. dollars. Indicate any exchange rates used and their respective dates and sources.

To the extent possible, sales values should be reported based on the same terms (e.g., FOB).

List the unit of measure (e.g., kilograms) of the quantity reported.

SECTION C

Sales to the United States

I. General Explanation of Section C

This section of the questionnaire provides instructions for reporting your sales of the **subject merchandise** in or to the United States. We will compare the prices at which this merchandise was sold in or to the United States with a constructed value using the **factors of production** to determine whether the subject merchandise was sold at less than **normal value** in the United States during the POR.

If your company did not produce this subject merchandise, you must send section D to the company that produces the subject merchandise and supplies it to you or to your customers.

II. Computer File of U.S. Sales

In accordance with the instructions provided in this section, prepare a separate computer data file containing each sale made during the POR of the subject merchandise, including sales of further manufactured merchandise. Do not report

cancelled sales. This file format has been designed to accommodate **export price** ("EP") and **constructed export price** ("CEP") transactions.

For sales of merchandise that has been shipped to the customer and invoiced by the time this response is prepared, each "record" in the computer data file should correspond to an invoice line item (i.e., each unique product included on the invoice). For sales of merchandise that have not yet been shipped and invoiced (in whole or in part) to the customer, a "record" should correspond to the unshipped portion of the sale.

Each computer record submitted should contain the information requested concerning the product sold, the terms of the sale, the selling expenses incurred, and other information. The following portion of section C describes the information the Department requires.

III. Market Economy Inputs

List the movement expenses (ocean freight, marine insurance, trucking, etc.) that your company purchased from a market economy supplier and paid for in a market economy currency during the POR. For each movement expense, please report the price you actually paid for a specified quantity of inputs. For these prices, please provide the following information:

a. From which market economy country did you purchase the good and in what currency did you pay?

b. If you purchase a service from a market economy supplier, is the price you pay based on the weight or on the value of your product (e.g., the charge for marine insurance is usually based on the value of your shipment, while the charge for ocean freight is usually based on the weight of your shipment).

c. Provide all details of the transaction, including the name of the supplier, the source country, terms of payment and any other arrangements you have made.

d. Detail the percentage you purchased from a market-economy country and the percentage you purchased from a nonmarket economy supplier.

IV. Summary of Data Fields for the U.S. Sales File

The chart which follows is a summary of the data fields for the U.S. sales computer file which are described in the remainder of this section of the questionnaire. The chart lists the field number, description and name. Please refer to Appendix II Instructions for Computer Tapes and Diskettes for instructions on preparing the electronic file.

SECTION C

Summary of U.S. Sales File

FIELD NUMBER	FIELD DESCRIPTION	FIELD NAME
1.0	Complete Product Code	PRODCODU
2.0	Matching Control Number	CONNUMU
3.0	Sale Type	SALEU
4.0	Customer Code	CUSCODU
5.0	Date of Sale	SALEDTU
6.0	Sale Invoice Number	INVOICU
7.0	Sales Invoice Date	SALINDTU
8.0	Date of Shipment	SHIPDTU
9.0	Terms of Delivery	SALETERU
10.0	Quantity	QTYU
11.1	Quantity Unit of Measure	QTUMU
11.2	Gross Unit Price	GRSUPRU
12.0	Discounts	DISCTN(1-n)U
13.1-13.n	Rebates	REBATE(1-n)U
14.1-14.n	Inland Freight - Plant to Distribution Warehouse	DINLFTWU
15.0	Inland Freight - Plant/Warehouse to Port of Exit	DINLFTPU
16.0	Country of Manufacture Inland Insurance	INSURU
17.0	Brokerage and Handling	DBROKU
18.0	International Freight	INTNFRU
19.0	Marine Insurance	MARNINU
20.0	U.S. Inland Freight from Port to Warehouse	INLFPWU
21.0	U.S. Inland Freight from Warehouse to the Unaffiliated Customer	INLFWCU
22.0	U.S. Inland Insurance	USINLINU
23.0	Other U.S. Transportation Expense	USOTREU
24.0	U.S. Customs Duty	USDUTYU
25.0	Destination	DESTU
26.0	Packing Materials	PACKU
27.0	Unskilled Packing Labor	PAKUNLBU

28.0	Skilled Packing Labor	PAKSKLBU
29.0	U.S. Repacking Cost	REPACKU
30.0	Further Manufacturing	FURMANU
31.0	Foreign Trade Zone	FTZU
32.0	Manufacturer	MFRU

IV. Instructions for the Narrative Response and the Computer File of U.S. Sales

The following instructions combine the questionnaire with the computer data file format.
"FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted printouts of the data file. "DESCRIPTION" defines the data you should report in the field of the computer data file, and "NARRATIVE" describes the additional information we request you provide, not in the computer data file, but in a narrative response.

Fields 1 and 2.
Report the information requested concerning the product sold. Fields 1 and 2 are reserved for the product code and a matching control number the Department will use in the calculation of the dumping margin. If the product sold was further manufactured in the U.S., report the product code of the product sold in field 1, the control number of the product imported in field 2.

FIELD NUMBER 1.0: Complete Product Code

FIELD NAME: PRODCODU

DESCRIPTION: Report the commercial product code assigned by your company in the normal course of business to the specific product sold in the United States.

If the product sold is further manufactured in the United States, report the product code of the product sold not the product imported.

NARRATIVE: The product code should be described in response to question 6b in section A of this questionnaire.

FIELD NUMBER 2.0: Matching Control Number

FIELD NAME: CONNUMU

DESCRIPTION: Assign a control number to each unique product reported in the section C sales data file. Identical products should be assigned the same control number in each record in every file in which the product is referenced. See Appendix III for the criteria that you should apply in determining "unique" products.

If the product sold is further manufactured in the United States, report the control number of the product imported not the product sold.

NARRATIVE: List all CONNUMS and to which products they have been assigned.

Fields 3 through 4.
Report the information requested concerning the sale type and customer for the merchandise.

FIELD NUMBER 3.0: Sale Type

FIELD NAME: SALEU

DESCRIPTION: Identify the sale as either "EP" (export price) or "CEP" (constructed export price).

FIELD NUMBER 4.0: Customer Code

FIELD NAME: CUSCODU

DESCRIPTION: Report the name of the customer or the internal accounting code designating the customer.

NARRATIVE: Provide a list of customer names and codes as an attachment to your narrative response.

Fields 5 through 10.

Report the information requested concerning the terms of delivery and payment and the dates of the specified events of each sale. The Glossary of Terms at Appendix I describes the Department's criteria for determining the **date of sale**. The criteria used by the Department to determine the date of sale may be different from the criteria you use in your accounting system; please contact the official in charge if, after reviewing the Department's criteria, you are uncertain when a sale has occurred.

FIELD NUMBER 5.0: Date of Sale

FIELD NAME: SALEDTU

DESCRIPTION: Report the calendar "date of sale" as defined in the Glossary of Terms at Appendix I and described in your response to section A question 4 (Sales Process). If the event used to establish the date of sale varies by transaction (e.g., order date for some transactions and invoice date for other transactions), create a separate field to identify the event used to establish the date of sale for each transaction in the file. If you are reporting sales using lotus, please use a lotus-compatible date. If you are reporting sales using a sales tape, use a numeric code or abbreviation to designate the event (e.g., 1 or ORD = order date) and include a key to the code in your narrative response.

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 6.0: Sale Invoice Number

FIELD NAME: INVOICU

DESCRIPTION: Report the reference number assigned to the invoice in your accounting system.

NARRATIVE: Describe the invoice numbering system used by each sales entity that originated a sale reported in this data file. Is it simply a sequential number or is additional information included in the code, such as point of sale? If additional information is contained in the code, provide a key describing each component of the code.

FIELD NUMBER 7.0: Sale Invoice Date

FIELD NAME: SALINDTU

DESCRIPTION: See Field 5.0 for directions on reporting dates.

FIELD NUMBER 8.0: Date of Shipment

FIELD NAME: SHIPDTU

DESCRIPTION: Report the date of shipment from the factory or distribution warehouse to the customer.

See Field 5.0 for directions on reporting dates.

FIELD NUMBER 9.0: Terms of Delivery

FIELD NAME: SALETERU

DESCRIPTION: 1 = Delivered
2 = FOB
3 - n Specify other delivery terms as required.

NARRATIVE: Describe the terms of delivery offered and indicate the code used for each. The codes for delivery terms listed above are examples only. You need not use them.

Fields 10 through 15.
Report the information requested concerning the quantity sold and the price per unit paid in each sale transaction. All **discounts** and **rebates** granted should be reported in these fields. The gross unit price less discounts and rebates should equal the net amount of revenue received from the sale. If the invoice to your customer includes separate charges for other services directly related to the sale, such as a charge for shipping, create a separate field for reporting the unit price charged the customer for each additional service. Refer to the Glossary of Terms at Appendix I for a more complete description of each of the discounts and rebates listed.

FIELD NUMBER 10.1: Quantity

FIELD NAME: QTYU

DESCRIPTION: Report the sale quantity for this transaction. In general, this quantity will be the quantity of the specific shipment or invoice line, net of returns where possible. For sales that have not been fully shipped/invoiced at the time the computer data for this section is prepared, report the quantity of the sale not yet shipped (total quantity sold less the quantity shipped and invoiced to date and reported in this file in separate records).

For example, assume the date of sale is the date of the customer's order. In the last month of the POR a customer orders 100 tons to be shipped in 5 lots of 20 tons each once every 30 days. At the time of preparation of your questionnaire response, 3 of the 5 shipments have been made and an invoice sent for each shipment to the customer.

The file you submit to the Department should contain 4 records: one record for each shipment and invoice and a fourth record for the unshipped amount of 40 tons. For the record containing the unshipped 40 tons, complete the adjustment fields based on estimates.

NARRATIVE: Explain how returns, if you permit them, affect your sales reported in the general ledger and sales ledger.

FIELD NUMBER 10.2: Quantity Unit of Measure

FIELD NAME: QTUMU

DESCRIPTION: Report all sales in this file in the same unit of measure. Use an abbreviation or code to indicate the unit of measure.

1 or MT = metric tons
2 or KG = kilograms
3 - n Specify as needed.

NARRATIVE: Provide a table of the units of measure and abbreviations or codes used.

Fields 11 through 25.
Report the sale price, discounts, and rebates in the currencies in which they were earned or incurred. If a field is expressed in the same currency in all records in the file, simply note the currency name on the descriptive chart requested in Appendix II Section B (Instructions for Submitting Computer Data - File Formats). However, if a revenue or expense field is expressed in one currency in certain records and another currency in other records, create a companion field that designates the currency for each record with a code or abbreviation.

FIELD NUMBER 11.0: Gross Unit Price

FIELD NAME: GRSUPRU

DESCRIPTION: Report the unit price recorded on the invoice for sales shipped and invoiced in whole or in part. To report portions of sales not yet shipped, provide the agreed unit sale price for the quantity that will be shipped to complete the order. This value should be the gross price for a single unit of measure. Discounts and rebates should be reported separately in fields numbered 13.n and 14.n, respectively.

FIELD NUMBER 12.0-n: Discounts

FIELD NAME: DISCNT(1-n)U

DESCRIPTION: Report the unit value of discounts granted to the customer. Create a separate field for reporting each discount granted.

NARRATIVE: Explain your policy and practice for granting each discount. Describe each type of discount granted and the basis for eligibility for such discount. If discounts vary, explain why. Explain how you calculated each additional per-unit discount. Where available, provide sample documentation, including sample agreements, for each type of discount.

FIELD NUMBER 13.0-n: Rebates

FIELD NAME: REBATE(1-n)U

DESCRIPTION: Report the unit value of each rebate given to the customer. Create a separate field for reporting each rebate granted. Rebates should be reported with the sales to which they apply.

NARRATIVE: Explain your policy and practice for granting rebates and describe each type of rebate granted. If rebates vary, explain why. For rebates that have not yet been paid, describe how you computed the amount to be rebated. Include your worksheets as an attachment to the response. Where available, provide documentation, including sample agreements, for each type of rebate.

Fields 14 through 25.

Report the information requested concerning activities undertaken to bring the merchandise from the place of manufacture to the customer's place of delivery (if f.o.b., e.g., from factory to port in country of manufacture or if c.i.f., from factory to delivery port in United States). You may add fields, if needed. (Field 23 can be used for other U.S. transportation expenses not requested separately.) For merchandise which was sold during the POR but which has not been shipped at the time of preparation of the response, report estimated amounts and your basis for these estimates.

The fields listed below anticipate the types of transport activities commonly incurred on international shipments. However, it is not uncommon for certain of these transport expenses to be combined in a single fee paid a transport company (e.g., combined ocean transport and U.S. internal transport to the customer's place of delivery). If amounts are combined, do not attempt to separate them but report them in a single field and explain in your narrative response.

FIELD NUMBER 14.0: Inland Freight - Plant to Distribution Warehouse

FIELD NAME: DINLFTWU

DESCRIPTION: Report the distance in kilometers from the factory to the distribution warehouse (or other intermediate location).

NARRATIVE: Describe the transport you used to deliver the merchandise to your distribution warehouse(s) or other intermediate location. Also describe your distribution warehousing for all markets.

FIELD NUMBER 15.0: Inland Freight - Plant/Warehouse to Port of Exit

FIELD NAME: DINLFTPU

DESCRIPTION: Report the distance in kilometers from the plant or distribution warehouse (or other intermediate location) to the port of exit.

NARRATIVE: Describe the transport you used to deliver the merchandise to port of exit in the country of manufacture.

FIELD NUMBER 16.0: Domestic Inland Insurance

FIELD NAME: INSURU

DESCRIPTION: Report "Yes" if you incurred any inland insurance on shipments from the factory or distribution warehouse (or other intermediate location) to the domestic port of exit in the country of manufacture. Otherwise, report "No."

FIELD NUMBER 17.0: Brokerage and Handling

FIELD NAME: DBROKU

DESCRIPTION: Report "Yes" if you incurred any brokerage and handling charges for each sale to the United States. Otherwise, report "No."

FIELD NUMBER 18.0: International Freight

FIELD NAME: INTNFRU

DESCRIPTION: Report "Yes" if you incurred international freight expenses on shipments to the United States by a nonmarket economy carrier. If so, add fields 19.1 (EXPORTU) and 19.2 (IMPORTU) to report, for each sale, the port of exportation and the U.S. port of importation. If goods were shipped by market economy companies and charges were incurred in a market economy currency, report the unit cost of ocean freight or air freight incurred on shipments from the port of exit in the country of manufacture to the U.S. port of entry, as appropriate. If you did not incur international freight expense, report "No."

NARRATIVE: If goods were shipped by market economy companies and charges were incurred in a market economy currency, describe how you calculated the unit cost of ocean freight and include your worksheets as attachments to the narrative response.

FIELD NUMBER 19.0: Marine Insurance

FIELD NAME: MARNINU

DESCRIPTION: Report "Yes" if marine insurance was provided by a nonmarket economy insurer for your shipments to the United States. If the insurance was purchased from a market-economy supplier and paid for in market economy currency, report the unit cost of marine insurance incurred on shipments from the port of exit in the country of manufacture to the U.S. port of entry.

NARRATIVE: If the insurance was purchased from a market-economy supplier and paid for in market economy currency, describe how you calculated the unit cost of marine insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 20.0: U.S. Inland Freight from Port to Warehouse

FIELD NAME: INLFPWU

DESCRIPTION: For CEP sales, report the unit cost of any freight incurred on shipments from the U.S. port of entry to the affiliated reseller's U.S. warehouse or other intermediate location. For EP sales, report the unit cost of freight from the port of entry to an intermediate location.

NARRATIVE: Describe how you calculated the unit cost of inland freight in the United States and include your worksheets as attachments to the narrative response.

FIELD NUMBER 21.0: U.S. Inland Freight from Warehouse to the Unaffiliated Customer

FIELD NAME: INLFWCU

DESCRIPTION: For CEP sales, report the unit cost of freight incurred on shipments from the affiliated U.S. reseller to the U.S. unaffiliated customer. For EP sales, report the unit cost of freight to the customer from the port of entry or an intermediate location.

NARRATIVE: Describe how you calculated the unit cost of freight from the warehouse or other intermediate location and include your worksheets as attachments to the narrative response.

FIELD NUMBER 22.0: U.S. Inland Insurance

FIELD NAME: USINLINU

DESCRIPTION: Report the unit cost of U.S. inland insurance incurred on shipments within the United States.

NARRATIVE: Describe how you calculated the unit cost of U.S. inland insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 23.0: Other U.S. Transportation Expense

FIELD NAME: USOTREU

DESCRIPTION: Report the unit cost of any additional transportation expense incurred in the United States.

NARRATIVE: Describe the expense and how you calculated the unit cost. Include your worksheets as attachments to the narrative response.

FIELD NUMBER 24.0: U.S. Customs Duty

FIELD NAME: USDUTYU

DESCRIPTION: If terms of sale included this charge, report the unit amount of any customs duty paid on the subject merchandise. Include in the unit cost the U.S. customs processing fee and the U.S. harbor maintenance fee.

NARRATIVE: Describe how you calculated the unit cost of U.S. customs duties and customs fees, and include your worksheets as attachments to the narrative response.

FIELD NUMBER 25.0: Destination

FIELD NAME: DESTU

DESCRIPTION: Report the U.S. postal "ZIP" code of the customer's place of delivery.

FIELD NUMBER 26.0-n: Packing Materials

FIELD NAME: Various

DESCRIPTION: Report in separate fields each type of packing material and the quantity used to pack a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the method used to pack the subject merchandise for shipment to the United States. Provide any worksheets showing how packing materials are allocated.

FIELD NUMBER 27.0: Unskilled Packing Labor

FIELD NAME: PAKUNLBU

DESCRIPTION: Report the unskilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the shipments of subject merchandise. Also, describe how you determined that the reported labor was unskilled.

FIELD NUMBER 28.0: Skilled Packing Labor

FIELD NAME: PAKSKLBU

DESCRIPTION: Report the skilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the shipments of subject merchandise. Also, describe how you determined that the reported labor was skilled.

FIELD NUMBER 29.0: U.S. Repacking Cost

FIELD NAME: REPACKU

DESCRIPTION: If the product is repacked in the United States, report the unit cost of any repacking in the United States. Include the cost of labor, materials and overhead.

NARRATIVE: Describe any repacking that occurs in the United States. For each type of packing, provide a worksheet that demonstrates the calculation of packing material, labor and overhead for a single unit.

The worksheets should include a list of packing materials, the average cost of each material, and how much of each material was used. In addition, report the average labor hours by packing type and the average labor cost per hour including benefits. Include also a list of overhead expenses incurred in packing and demonstrate how these expenses were allocated to each packing type.

FIELD NUMBER 30.0: Further Manufacturing

FIELD NAME: FURMANU

DESCRIPTION: If you are required to report the cost of further manufacturing performed in the United States, record the unit cost in this field. This value is the total unit cost reported in the computer data file prepared in response to questionnaire Section E - Cost of Further Manufacturing Performed in the United States.

If you have incurred further manufacturing cost in the United States but are not required to report the cost, record the code “FM” in this field for each sale of a further manufactured product. Leave the field blank for sales of products that have not been further manufactured.

NARRATIVE: If you further manufacture subject merchandise in the United States, please contact the official in charge immediately. You may be required to respond to Section E of this questionnaire. No additional narrative description is required for this field. Refer to Section A question 7.

FIELD NUMBER 31.0: Foreign Trade Zone

FIELD NAME: FTZU

DESCRIPTION: Identify all sales of merchandise shipped into foreign trade zones in the United States by recording the code "FTZ" in this field. If you shipped the subject merchandise to an affiliate in an FTZ that further processed the merchandise into products not within the description of merchandise in Appendix III prior to entry into U.S. customs territory, separately identify these transactions with the code "FTZA."

For merchandise that was not shipped into foreign trade zones or was entered for consumption prior to admission to a foreign trade zone, leave this field blank.

NARRATIVE: Explain the circumstances that pertained to FTZ transactions. State whether you, your U.S. affiliate, or an unaffiliated firm entered (or may have entered) the merchandise into the Customs territory of the United States.

FIELD NUMBER 32.0: Manufacturer

FIELD NAME: MFRU

DESCRIPTION: If you have sold the subject merchandise produced by more than one manufacturer, identify the manufacturer in each record by the use of a code If the manufacturer is unknown, identify your supplier.

NARRATIVE: If you are not the manufacturer, report the manufacturer of the merchandise in your narrative response and provide a key to the code.

Other Revenues and Expenses.

If there are additional revenues or expenses that are not reported above, create a field for each in the computer file, describe the revenue or expense in you narrative response, and include all calculation worksheets as attachments to your narrative response.

SECTION D

Factors of Production Questionnaire

I. General Explanation of Section D

This section of the antidumping questionnaire instructs you on how to report the **factors of production** ("factors") of the **subject merchandise**. Please refer to the cover letter to determine your reporting requirements.

A. Factors of Production

Factors of production are used to construct the value of the product sold by your company in the United States. The Department will use the input amounts you report, along with the appropriate price from the chosen **surrogate country**, to construct the **normal value** of the subject merchandise sold by your company to the U.S. market. Surrogate values for overhead, selling, general and administrative ("SG&A") expenses and profit will also be added. Unless otherwise instructed by the Department, you should report factors information for all models or product types in the U.S. market sales listing submitted by you (or the exporter) in response to Section C of this questionnaire. The reported amounts should reflect the factors of production used to produce one unit of the subject merchandise.

If you have any questions regarding how to compute the factors of the subject merchandise, please contact the official in charge before preparing your response to this section of the questionnaire.

B. Reporting Period for Factors of Production

Calculate the per-unit factor amounts based on the actual inputs used by your company during the period of review ("POR") as recorded under your normal accounting system. If your company's fiscal year ended within three months of the end of the POR, however, you may contact the official in charge to determine whether you can report factors based on your company's last two quarters. If you have any questions regarding the appropriate calculation period, please contact the official in charge before preparing your response to this section of the questionnaire.

C. Calculating Weighted-Average Factors of Production

If you produce the subject merchandise at more than one facility, you must report the factor use at each location. You must also report the output of the subject merchandise at the various facilities during the POR.

D. Reporting requirements

If your company did not produce the subject merchandise, we request that this section be immediately forwarded to the company that produces the subject merchandise and supplies it to you or to your customers.

II. Production Process and Products

The information requested below is necessary for the Department to understand your products and production processes. We therefore ask that you provide complete and detailed narrative responses to each of the items listed below.

A. Production Process

The following questions will provide information on your company's production process:

1. Please specify whether you produce all of the subject merchandise on site. List the plants where the subject merchandise is produced.

2. Provide a detailed description of the production process utilized for the production of the subject merchandise. The description of the process should include, but not be limited to:

   a. A diagram of the process

   b. A technical description of each stage of the process.

   For each stage of the process you must indicate the material inputs, the processing time, the types of equipment used, the number of people involved in the process, and any subsidiary products generated as a result of the production of the subject merchandise.

B. Products

1. Report the total quantity of the subject merchandise produced in each factory during the POR.

2. List the products your company produces. Identify all products manufactured using the same production facilities as the subject merchandise.

III. Market-Economy Inputs

List the inputs that your company purchased from a market economy supplier and paid for in a market economy currency during the POR. For raw material inputs and packing materials, please report the price you actually paid for a specified quantity of inputs. If you used a service (e.g., trucking) from a market economy supplier, and paid market economy currency, please report the price you actually paid for the service. For these prices, please provide the following information:

a. From which market economy country did you purchase the good and in what currency did you pay?

b. Provide all details of the transaction, including the name of the supplier, your relationship with that supplier, the source country, terms of payment and any other arrangements you have made.

c. Detail the percentage you purchased from a market-economy country and the percentage you purchased from a nonmarket economy supplier.

IV. Instructions for Submitting Factors Data File

In accordance with the instructions provided below, prepare a computer data file reporting the inputs used to produce the subject merchandise. The file should contain factor information relating to the subject merchandise produced for sale in the United States.

Instructions regarding the specific information required to complete each data field for the factors information are provided below. These instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file, and "NARRATIVE" describes the additional information that we request you provide, not in the computer data file, but in a narrative response.

A. Factors Computer File Instructions
The factors file should contain information relating to the merchandise manufactured for sale in the United States.

FIELD NUMBER 1.0: Matching Control Number

FIELD NAME: CONNUM

DESCRIPTION: Report the unique control number assigned to the model in the U.S. sales file in Section C of this questionnaire. Unless otherwise instructed by the Department, you should ensure that your factors computer file contains a separate record for each unique product control number contained in your U.S. sales file.

Fields 2.0 through 10.0.
These fields should contain information regarding the specific factors used to produce the subject merchandise. Before calculating, choose a unit of measure for which you will calculate the factors (e.g., calculate factors based on the production of one metric ton of the subject merchandise or based on the production of one item of the subject merchandise). If you receive any of the inputs used in your production process for free, you must include the amount of that input used. If your company manufactured the subject merchandise at more than one facility, separately report the amount produced in each facility. In addition, you must provide a narrative description detailing how you computed the weighted-average factors figures.

FIELD NUMBER 2.0: Raw Materials Amounts

FIELD NAME: Various names

DESCRIPTION: Report the raw materials used to produce a unit of the subject merchandise. These amounts should be reported on a per unit basis (e.g., per metric ton, per unit of merchandise, etc.)

NARRATIVE: Describe the method used to calculate the reported amounts. If any raw material amounts are reduced because of recycled scrap, provide the names of those inputs and the reduction made. Also, on a separate sheet, please detail the means of transport and the distance each material traveled from the supplier to your factory. If you have multiple suppliers, please provide the distance from each supplier to your factory, and the percentage amount purchased from each supplier. Describe each type and grade of material used in the production process.

FIELD NUMBER 3.0: Unskilled Labor Hours

FIELD NAME: UNSKLAB

DESCRIPTION: Report the unskilled labor hours required to produce a unit of the subject merchandise. Note that these should be the actual labor hours worked, not standard labor times. Unskilled labor should include all unskilled production workers, inspection/testing workers, relief workers, and any other unskilled workers directly involved in producing the merchandise. In addition, your reported unskilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

NARRATIVE: Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe the labor you classified as unskilled.

FIELD NUMBER 4.0: Skilled Labor Hours

FIELD NAME: SKLAB

DESCRIPTION: Report the skilled labor hours required to produce a unit of the subject merchandise. Skilled labor includes supervisors, senior engineers, technicians, quality control, etc. Skilled labor should include all skilled production workers, inspection/testing workers, relief workers, and any skilled other workers directly involved in producing the merchandise and not reported as unskilled labor. In addition, your reported skilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

NARRATIVE: Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe how you determined that labor was skilled.

FIELD NUMBER 5.0: Indirect Labor Hours

FIELD NAME: SKLAB

DESCRIPTION: Report the indirect labor hours required to produce a unit of the subject merchandise. Indirect labor includes all workers not previously reported who are indirectly involved in the production of the subject merchandise.

NARRATIVE: Describe the allocation of indirect labor hours to the production of subject merchandise. Also, describe how you determined that labor was indirect. Report any other labor that you have not included.

FIELD NUMBER 6.0: Energy

FIELD NAME: ELECTRIC, WATER, GAS, COAL, etc.

DESCRIPTION: Report the energy used to produce one unit of the subject merchandise. If you used a fuel to generate electricity, please report the fuel actually used.

NARRATIVE: Discuss how you calculated the reported energy usage and provide supporting worksheets. Also, please discuss your use of energy. How important is energy in your production process? Also, if the energy is transported to your factory, please report the distance it travels. Please report any additional expenses (besides its transportation) you incur in acquiring any energy input.

FIELD NUMBER 7.0: Byproducts or Co-Products

FIELD NAME: Various

DESCRIPTION: Please report the amount of byproducts or co-products produced per unit of subject merchandise. Please report each co-or by-product in separate columns. Identify only those co- or by-products that do not reenter the production process.

FIELD NUMBER 8.0: Packing Materials

FIELD NAME: Various

DESCRIPTION: Report in separate columns each type of packing material and the quantity used to pack a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the method used to pack the subject merchandise for shipment to the United States.

FIELD NUMBER 9.0: Unskilled Packing Labor

FIELD NAME: PAKUNLBR

DESCRIPTION: Report in separate columns the unskilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was unskilled.

FIELD NUMBER 10.0: Skilled Packing Labor

FIELD NAME: PAKSKLBR

DESCRIPTION: Report in separate columns the skilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was skilled.

SECTION E

Cost of Further Manufacture or Assembly Performed in the United States

For Department use only. This box should be deleted before sending the questionnaire to respondents. *It may not be necessary for respondent to answer this section of the antidumping questionnaire under certain conditions where substantial value is added to the subject merchandise after importation into the United States. To avoid imposing an unnecessary burden on the Department, section 772(e) of the antidumping statute authorizes the Department to determine export price based on alternate methods when it appears that the value added after importation is likely to "exceed substantially" the value of the imported product. While the Department is not required to calculate precisely the level of value added after importation into the United States, "exceed substantially" means that the value added in the United States is estimated to be substantially more than half of the price of the subject merchandise as sold in the United States. Question 8.c of questionnaire Section A requests respondents to submit information regarding the weighted-average prices of both the subject merchandise as imported and the further manufactured product sold in the United States. You should refer to this information to help you determine whether the value-added in the United States "exceeds substantially" the value of the imported product.*

I. General Explanation of Section E Questionnaire

This section of the antidumping questionnaire provides instructions for reporting the costs incurred for **further manufacture or assembly** of the subject merchandise in the United States.

A. Cost of Further Manufacture or Assembly

Further manufacture or assembly ("further manufacturing") costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expenses, interest expenses, additional U.S. packing expenses, and any costs involved in moving the product from the U.S. port of entry to the further manufacturer. The U.S. further manufacturing costs that you report in detail in this section of the questionnaire must be reported in total in data field 50.0 of your company's U.S. sales listing submitted in response to Section C of this questionnaire.

B. Reporting Period for Further Manufacturing Costs

The further manufacturing costs that you report in response to this section of the questionnaire should be calculated based on the actual costs incurred by your U.S. affiliate (the "company") during the POR, as recorded under its normal accounting system. If the company's fiscal year ends within three months of the POR, however, you may contact the official in charge to determine whether you can report further manufacturing costs based on the company's fiscal year. If you have any questions regarding the appropriate cost calculation period for the merchandise under review, please contact the official in charge before preparing your response to this section of the questionnaire.

C. Weighted-Average Further Manufacturing Costs

The further manufacturing costs that you report in response to this section of the questionnaire should be calculated on a weighted-average basis using production quantity as the weighting factor. If you further manufactured the subject merchandise at more than one U.S. facility, you must report the weighted-average of the further manufacturing costs from all such facilities. If you have any questions regarding how to compute the weighted-average further manufacturing costs for the subject merchandise, please contact the official in charge before preparing your response to this section of the questionnaire.

II. General Information

The general information requested below is necessary in order for the Department to better understand the company's operations, its products and production processes, and its financial and cost accounting practices. We therefore ask that you provide complete and detailed narrative responses to each item listed below.

A. Products and Production Process

Provide a narrative description of the further manufacturing process for the subject merchandise shipped to the United States. Your description should address each of the items 1 through 5 listed below.

1. Identify and describe the U.S. production facilities used to further manufacture the subject merchandise. If further manufacturing operations take place at more than one facility, identify each facility and describe the production activities that take place there. Identify all products manufactured using the same production facilities used to further manufacture the subject merchandise.

2. Provide a flowchart that details the complete U.S. production cycle for the subject merchandise. This should include descriptions of each stage of production and the locations of primary cost centers.

3. Provide a description of how the company keeps account of processing yields or losses throughout the further manufacturing production cycle. Indicate all stages in the production cycle for which processing yields are measured.

4. List the inputs used to further manufacture the subject merchandise, including specific types of raw materials, labor, electricity, or other power supply, machinery and equipment, and subcontractor services. Indicate whether any of these materials or services were purchased from an affiliated party (i.e., **affiliated person**). If so, specify the basis used by the

company to value the input for further manufacturing costs (e.g., cost of producing the input or the transfer price from the affiliated party).

B. Financial Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will help us to understand the company's accounting practices and the system it uses to accumulate and summarize accounting data.

1. State whether the company's financial accounting practices are in accordance with generally accepted accounting principles ("GAAP") in the United States.

2. Provide a flowchart illustrating the company's basic financial accounting books and record keeping system. Indicate in your flowchart all subsidiary ledgers, including raw materials, inventory, and sales and accounts receivable ledgers. Show in your flowchart how data from the company's financial accounting system are summarized in its financial statements.

3. (NOTE: Provide an answer to the following question only if your company is responding to the antidumping questionnaire as part of an administrative review.) List and describe any changes to the company's financial accounting practices that have taken place since the most recent segment of this proceeding for which the company submitted further manufacturing cost data, if any.

C. Cost Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will provide us with an understanding of the cost accounting system used by the company in its normal course of business.

1. Describe the company's cost accounting system and how it is used to classify, allocate, aggregate, and record the costs incurred to further manufacture the subject merchandise. Your description should be provided in narrative form and should include a flow chart that 1) illustrates how the system records and reports costs for the merchandise throughout the production process, and 2) shows the various subsidiary cost ledgers maintained under the system and how they reconcile to the company's normal financial statement data.

2. Provide a list of all direct, indirect, and common cost centers. Briefly describe the operations that take place at each of these cost centers. For direct cost centers, describe how the production costs are accumulated and charged to the merchandise produced. For indirect and common cost centers, describe how the costs incurred are accumulated and allocated to the direct cost centers.

3. Describe the level of product specificity over which the company's cost accounting system normally captures production costs. Explain how the product-specific costs as recorded in the company's normal accounting system compare to the model-specific costs reported for further manufacturing.

4. State whether the company's cost accounting system accumulates costs for the subject merchandise based on the actual production costs incurred or on standard or budgeted costs. If the company's cost accounting system is based on standard or budgeted costs, then provide the following information:

   a. the types of variances recorded under the company's cost accounting system and how they are used by management in the normal course of business (for each type of variance, identify the level of product specificity for which the variance is measured);
   b. the period for which the company computes and records each type of variance;
   c. the methods used to develop each type of variance used in the company's cost accounting system;
   d. the frequency with which the company revises its standard or budgeted costs, including the date on which the latest revision was made; and
   e. the disposition of favorable or unfavorable variances (including under- or over-applied overhead) resulting from production operations during each accounting period (e.g., charge to cost of sales, prorate between cost of sales and inventory balances).

5. List and describe any production costs incurred by the company that are valued differently for cost accounting purposes than for financial accounting purposes.

6. (NOTE: Provide an answer to the following question only if your company is responding to the antidumping questionnaire as part of an administrative review.) List and describe any changes to the company's cost accounting system that have taken place since the most recent segment of this proceeding for which the company submitted further manufacturing cost data, if any. Include any changes in cost allocation factors such as changes in standard production costs, standard processing times or other methods used to allocate costs to individual units of production.

III. Response Methodology

The per-unit further manufacturing cost figures that you provide in response to this section of the questionnaire must reconcile to the actual costs reported in the company's cost accounting system and to accounting records used by the company to prepare its financial statements. If the company normally uses a cost accounting system based on actual costs, you should use that system for purposes of computing your submitted further manufacturing cost amounts. Similarly, if

the company uses a standard cost accounting system, you should use that system for purposes of computing further manufacturing costs. In such case, however, you must also ensure that you have allocated to the further manufacturing costs all variances resulting from differences between standard and actual production costs. If you do not intend to use the company's normal accounting system and cost allocation methods to compute further manufacturing cost for the subject merchandise, you must contact the official in charge before preparing your response to this section of the questionnaire.

A. Description of Response Methodology

Provide a narrative description of the methodology that you used to compute the company's submitted further manufacturing costs. Your description should address items 1 through 3 listed below.

1. Describe how you used the company's normal cost and financial accounting records to compute the per-unit further manufacturing cost figures reported in response to this section of the questionnaire. Include in your description a discussion of how you used the company's accounting system and actual cost and financial accounting data to compute each of the following cost elements relating to the submitted further manufacturing cost figures:

   a. direct materials;
   b. direct labor;
   c. factory overhead;
   d. research and development ("R&D") costs;
   e. general and administrative expenses (including all miscellaneous income and expense items); and
   f. net interest expense.

2. List and describe in detail any differences between costs computed under the company's normal cost and financial accounting systems and the costs submitted in response to this section of the questionnaire. Include in your description the reasons why it was necessary for you to depart from the company's normal accounting practices in order to compute the submitted further manufacture costs.

IV. Instructions for Submitting Further Manufacturing Cost Data File

In accordance with the instructions provided below, prepare a computer file reporting the costs incurred to further manufacture the subject merchandise in the United States. Instructions regarding the specific information required to complete each data field for the further manufacturing cost file are provided below. These instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file, and

"NARRATIVE" describes the additional information that we request you provide, not in the computer data file, but in a narrative response.

For Department use only. This box should be deleted before sending the questionnaire to respondents. The computer file formats below provide guidelines for you to follow in preparing the further manufacturing cost questionnaire for respondents. You should be aware, however, that these guidelines may not be appropriate in every case. Instead, you should consider the U.S. further manufacturing process for the subject merchandise in determining how you will instruct respondents to report their costs. For example, the formats below do not take into account products manufactured in stages for which it may be more appropriate to request respondents to report their costs pursuant to each manufacturing stage. Nor do the formats allow for further manufacturing processes that generate significant scrap revenues or that result in the production of byproducts with sales revenues that are offset against the manufacturing costs incurred for the subject merchandise. In such instances, it may be appropriate to report such revenues in separate data fields in order to facilitate your analysis. For some further manufacturing processes, production yields play a significant role in determining the cost of the finished product. In these cases, you should consider how you will devise the cost reporting formats in such a way as to allow you to analyze respondent's production yield data.

Field Numbers 1.0 and 2.0.
For each file record, report in these fields the product code for each further manufactured product and the matching control number for each unique model of the subject merchandise that was further manufactured in the United States. This information should allow the Department to match the detailed further manufacturing cost data to the total further manufacturing cost data provided in Section C of this questionnaire.

FIELD NUMBER 1.0: Complete Product Code

FIELD NAME: PRODCODU

DESCRIPTION: Report the commercial product code assigned by the company in the normal course of business to the specific further manufactured product sold in the United States.

FIELD NUMBER 2.0: Matching Control Number

FIELD NAME: CONNUMU

DESCRIPTION: Report the unique control number assigned to the model (as imported) from the U.S. sales files in Section C of the antidumping questionnaire. Unless otherwise instructed by the Department, you should ensure that your further manufacturing cost computer file contains a record for each unique product control number contained in the U.S. sales file which required further manufacturing in the United States.

Field Numbers 3.0 through 7.0.
These fields should contain information regarding the specific cost elements incurred to further manufacture the subject merchandise in the United States. The further manufacturing costs include direct materials and fabrication costs actually incurred by the company. If the company performed further manufacturing operations for the subject merchandise at more than one facility, the amounts reported for COM should be based on the weighted-average manufacturing costs from all facilities.

For Department use only. This box should be deleted before sending the questionnaire to respondents. *Field number 3.0 is designated for reporting direct materials costs for the further manufacture of the subject merchandise. Because the merchandise may be further manufactured using more than one type of direct material, you may find it necessary to request that respondent report each major category of direct material in a separate data field. You should provide the field numbers and names for the various direct material inputs and request any additional narrative description you consider necessary to analyze respondent's submitted direct material costs.*

FIELD NUMBER 3.0: **Direct Materials Cost**

FIELD NAME: FURMAT

DESCRIPTION: Report the costs incurred for direct materials used to further manufacture the subject merchandise. This should include transportation charges and other expenses normally associated with obtaining the materials that become an integral part of the finished product sold in the United States. Direct materials costs include only the costs incurred for materials added in the United States and not the cost of the imported subject merchandise. However, in addition to the cost of any U.S. direct materials, you should include in this field the costs incurred for 1) any movement charges incurred to transport the subject merchandise from the port of entry to the company's U.S. further manufacturing facilities, and 2) the actual costs incurred for any yield loss in connection with the further manufacture of the subject merchandise in the United States. (Note that you should compute the amount of any yield loss taking into account both the cost of the imported subject merchandise and the costs incurred for U.S. further manufacturing.)

FIELD NUMBER 4.0: **Direct Labor Costs**

FIELD NAME: FURLAB

DESCRIPTION: Report the direct labor costs incurred to further manufacture the subject merchandise. Direct labor should include the costs incurred for all production workers, inspection/testing workers, relief workers, and any other workers directly involved in further manufacturing the subject merchandise in the United States. Direct labor should consist of the workers' base pay, overtime pay, incentive wages, shift differentials, bonuses, and any other form of wages or benefits paid to them by the company (e.g., vacation, holidays, sick pay, insurance, government mandated social programs). In addition, your reported direct labor costs should include the full amount incurred for any contract labor hired by the company to further manufacture of the merchandise.

FIELD NUMBER 5.0: Factory Overhead Costs

FIELD NAME: FURFOH

DESCRIPTION: Report the factory overhead costs incurred to further manufacture the subject merchandise. Overhead costs may include costs incurred for indirect materials, indirect labor, and manufacturing utilities, as well as costs incurred for building or equipment rental, depreciation, supervisory labor, plant property taxes, factory administrative costs, and any other variable or fixed costs associated with packing the further manufactured merchandise. In addition, R&D costs that relate specifically to the further manufacturing operations should normally be included in overhead.

NARRATIVE: If you have not already done so in response to question III.A.1., provide a list showing each category of costs included in your reported overhead cost figures for the subject merchandise.

FIELD NUMBER 6.0: Total Production Cost

FIELD NAME: FURCOM

DESCRIPTION: Report the total production costs incurred to further manufacture the subject merchandise computed as the sum of data fields 3.0 through 5.0.

Field Numbers 7.0 and 8.0

These fields should contain information regarding general and administrative ("G&A") expenses and net interest expense incurred in connection with the further manufacture of the subject merchandise in the United States.

FIELD NUMBER 7.0: General and Administrative Expenses

FIELD NAME: FURGNA

DESCRIPTION: Report the per-unit G&A expenses incurred by the company in connection with the U.S. further manufacture of the subject merchandise. G&A expenses are those period expenses that relate to the activities of the company as a whole and are not identified with a particular operation. G&A expenses include amounts incurred for general R&D activities, executive salaries and bonuses, and other operations relating to the company's U.S. corporate headquarters. You should also include in your reported G&A expenses an amount for administrative services performed on the company's behalf by its parent company or other affiliated party.

You should compute G&A expenses on an annual basis as a ratio of the company's total G&A expenses divided by its cost of sales (less the cost of the imported subject merchandise). In calculating the company's G&A ratio, you should rely on full-year G&A expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POR. To compute the amount of per-unit G&A expense, you should multiply the G&A expense ratio by the per-unit further manufacturing cost for the subject merchandise.

NARRATIVE: Provide a worksheet reconciling amounts reported in the company's audited financial statements to the G&A expenses submitted in your further manufacturing cost computer file. In addition to reporting G&A expenses, the worksheet reconciliation should identify in detail all non-operating and extraordinary items of income and expenses reported in the company's financial statements and should show how these amounts were treated for purposes of computing G&A expenses for further manufacturing costs.

FIELD NUMBER 8.0: Net Interest Expense

FIELD NAME: FURINT

DESCRIPTION: Report the per-unit net interest expense incurred by the company in connection with the further manufacture of the subject merchandise. You should compute net interest expense on an annual basis as a ratio of the company's total net interest expense divided by its cost of sales (net of the cost of the imported subject merchandise). In calculating the company's net interest ratio, you should rely on full-year net interest expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POR. If the company is a member of a consolidated group of companies, then you should base your interest expense calculation on the consolidated financial statements of the group. To compute the amount of per-unit net interest expense, you should multiply the net interest expense ratio by the per-unit further manufacturing cost of the subject merchandise.

NARRATIVE: Provide a worksheet illustrating how you used amounts reported in the company's or group's audited financial statements to compute the net interest expense reported in your further manufacturing cost computer file. If you based your net interest expense computation on the financial statements of the consolidated group of companies of which the company is a member, and you have not provided those statements in response to Section A of this questionnaire, please submit a translated copy of the statements with your response to this section of the questionnaire.

APPENDIX I

GLOSSARY OF TERMS

This glossary is intended to provide parties with a basic understanding of many technical terms that appear in the antidumping questionnaire. These explanations are not regulations or rules with the force of law. As difficult or detailed questions arise, parties should seek clarification from the statute, regulations, and the Department, rather than attempting to derive precise guidance from these general explanations.

Administrative Protective Order

An administrative protective order is the legal mechanism by which the Department controls the limited disclosure of business proprietary information to representatives of interested parties. The Department authorizes the release of proprietary information under administrative protective order only when the representatives file a request in which they agree to the following four conditions: (a) to use the information only in the antidumping proceeding, (b) to secure the information and protect it from disclosure to any person not subject to an administrative protective order, (c) to report any violation of the terms of the protective order, and (d) to acknowledge that they may be subject to sanctions if they violate the terms of the order. (Section 777(c) of the Act. See also **Proprietary Information** and **Proprietary Treatment**.)

Affiliated Persons

Under the antidumping law, transactions between affiliated persons are subject to particular scrutiny. Affiliated persons (affiliates) include (1) members of a family, (2) an officer or director of an organization and that organization, (3) partners, (4) employers and their employees, and (5) any person or organization 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 that organization. In addition, affiliates include (6) any person who controls any other person and that other person, and (7) any two or more persons who directly control, are controlled by, or are under common control with, any person. "Control" exists where one person or organization is legally or operationally in a position to exercise restraint or direction over the other person or organization. (Section 771(33) of the Act.)

Antidumping Law

The United States antidumping laws are set forth in Title VII of the Tariff Act of 1930, as amended ("the Act") (19 U.S.C. 1673 et seq.).

Certification of Accuracy

Any party that submits factual information to the Department must include with the submission a certification of the completeness and accuracy of the factual information. Certifications must be made by a knowledgeable official responsible for presentation of the factual information and by the party's legal counsel or other representative, if any. A certification form is included as Appendix V to the questionnaire. (Section 782 (b) of the Act.)

Constructed Export Price

(See **Export Price and Constructed Export Price**.)

Date of Sale

Establishing the date of sale is an important part of any dumping analysis. Generally, the date of sale is the date on which the basic terms of the sale, particularly price and quantity, are agreed upon by the buyer and the seller. Typically, the date of sale is the sale contract date, purchase order date, or the order confirmation date. For long-term or requirements contracts, the date of the sale is the date of contract.

If basic terms of sale have changed up to, or even subsequent to, the date of shipment, then the date of shipment is the date of sale. However, the date of sale cannot occur after the date of shipment. Thus, the Department treats post-shipment price modifications as price adjustments.

Discounts

A discount is a reduction to the gross price that a buyer is charged for goods. Although the discount need not be stated on the invoice, the buyer remits to the seller only the face amount of the invoice, less discounts. Common types of discounts include early payment discounts, quantity discounts, and loyalty discounts.

Dumping

Dumping occurs when imported merchandise is sold in, or for export to, the United States at less than the normal value of the merchandise. The dumping margin is the amount by which the normal value exceeds the export price or constructed export price of the subject merchandise. The weighted-average dumping margin is the sum of the dumping margins divided by the sum of the export prices and constructed export prices.

Export Price and Constructed Export Price

Export price and constructed export price refer to the two types of calculated prices for merchandise imported into the United States. The Department compares these prices to normal values to determine whether goods are dumped. Both export price

and constructed export price are calculated from the price at which the subject merchandise is first sold to a person not affiliated with the foreign producer or exporter.

Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs before the goods are imported into the United States. Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation, unless the U.S. affiliate performs only clerical functions in connection with the sale.

Factors of Production

For nonmarket economy countries, the usual bases for calculating normal value is not appropriate. Instead, the Department constructs a normal value using the nonmarket economy producer's factors of production. The factors of production include, but are not limited to, (1) the hours of labor required to produce the merchandise, (2) the quantities of raw materials employed, (3) the amounts of energy and other utilities consumed, and (4) representative capital costs, including depreciation. These factors of production are then usually valued in a market economy country that is at a level of economic development comparable to that of the nonmarket economy country and is a significant producer of the subject merchandise or of comparable merchandise. (Section 773(c)(3) of the Act.)

Facts Available

The Department seeks to make its antidumping determinations on the basis of responses to its antidumping questionnaires. However, for a variety of reasons, the data needed to make such determinations may be unavailable or unusable. In such instances, the law requires the Department to makes its determinations on the basis of "the facts otherwise available" (more commonly referred to as "the facts available"). More specifically, the Department must use the facts available if necessary information is not available on the record of an antidumping proceeding. In addition, the Department must use the facts available where an interested party or any other person: (1) withholds information requested by the Department; (2) fails to provide requested information by the requested date or in the form and manner requested; (3) significantly impedes an antidumping proceeding; or (4) provides information that cannot be verified.

In selecting the information to use as the facts available, the law authorizes the Department to make an inference which is adverse to an interested party if the Department finds that party failed to cooperate by not acting to the best of its ability to comply with a request for information. However, the law also provides that when the Department relies on secondary information rather than on information obtained in the course of an antidumping proceeding, the Department must, to the extent practicable, corroborate that information from independent sources that are reasonably at the Department's disposal.

The Department will consider using submitted information that does not meet all of the Department's requirements if: (1) the information is submitted within applicable deadlines; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for a determination; (4) the party establishes that it acted to the best of its ability; and (5) the Department can use the information without undue difficulties. Finally, if an interested party promptly informs the Department of difficulties it is having in responding to a request for information, the Department will consider modifying its request to the extent necessary to avoid imposing an unreasonable burden on the party. (Sections 776 and 782(c)-(e) of the Act.)

Further Manufacturing Adjustment

In calculating constructed export price, the Department normally deducts from the price of the merchandise sold in the United States the cost of any further manufacture or assembly performed in the United States by, or for, the exporter or an affiliate. However, if the value of the further processing is likely to exceed substantially the value of the subject merchandise as imported, the Department may instead use an alternative basis for the constructed export price. If possible, the Department would use the price of subject merchandise sold to an unaffiliated customer by the producer, exporter, or affiliated seller. If there is an insufficient quantity of such sales, the Department may rely on any other reasonable basis. (Sections 772(d)(2) and 772(e) of the Act.)

Market-Oriented Industry

The Department may find a market-oriented industry exists when it finds that in an entire industry: (1) there is virtually no government involvement in setting prices or amounts produced; (2) it is a privately or collectively owned industry; and (3) market-determined prices are paid for all significant inputs.

Such a decision is based on information provided by the nonmarket economy exporters and producers. If an industry is found to be a market-oriented industry, the normal value will be calculated on the basis of home market or third country prices or costs. That industry would also be subject to a countervailing duty review should one be petitioned and initiated.

Nonmarket Economy

A nonmarket economy country is any country that the Department determines does not operate on market principles. The Department considers the following factors about a foreign country in making these decisions: (1) the extent to which the currency is convertible; (2) the extent to which wage rates are determined by free bargaining between labor and management; (3) the extent to which joint ventures or foreign investment are permitted; (4) the extent of government ownership or control of means of production; (5) the extent of government control over allocation of

resources and over the price and output decisions of enterprises; and (6) other factors the Department considers appropriate. (Section 771(18)(B) of the Act.)

Your country has been treated as a nonmarket economy country in past antidumping proceedings. As a result, your country is being treated as a nonmarket economy country for purposes of this administrative review. (Section 771(18)(C) of the Act.)

Normal Value

In a case involving merchandise produced in a nonmarket economy country, normal value is constructed using the factors of production methodology (see also **Factors of Production** and **Surrogate Country.**) The Department compares the normal value to the export price or constructed export price to determine the margin of dumping, if any. (Section 773(a) and 773(c) of the Act.)

Proprietary Information

Proprietary information is sensitive business data that would cause substantial harm to the submitter if disclosed publicly. Examples of information that the Department normally treats as proprietary, if requested and not already in the public domain, include trade secrets concerning the production process, production and distribution costs, terms of sale, individual prices, and the names of customers and suppliers.

Proprietary Treatment

If a party requests proprietary treatment of information, and if the Department agrees that the information is proprietary, the Department will protect the information from public disclosure. If the Department does not agree that the information is proprietary, it will return the information and not rely on it in the proceeding, unless the submitter agrees that it may be made public. The Department will disclose proprietary information only to United States International Trade Commission and United States Customs Service officials and, under limited administrative protective orders, representatives of interested parties. (Section 777(b) of the Act. See also **Administrative Protective Order**.)

Rebates

Similar to discounts, rebates are reductions in the gross price that a buyer is charged for goods. Unlike discounts, rebates do not result in a reduction in the remittance from the buyer to the seller for the particular merchandise with which the rebate is associated. Rather, a rebate is a refund of monies paid, a credit against monies due on future purchases, or the conveyance of some other item of value by the seller to the buyer after the buyer has paid for the merchandise. When the seller establishes the terms and conditions under which the rebate will be granted at or before the time of sale, the Department reduces the gross selling price by the amount of the rebate. (See also **Discounts**.)

Separate Rates

The Department calculates one rate for all companies in a nonmarket economy country. However, if an exporter demonstrates that it is independent of government control, it can receive an individually calculated antidumping duty rate. This separate rate is calculated using the U.S. price the exporter set and the inputs of the manufacturer that supplied the goods to the exporter valued in a surrogate country. All companies that do not submit a response to the questionnaire or do not adequately establish that they are independent of government control are subject to the single economy-wide rate.

Subject Merchandise

Subject merchandise is the merchandise under administrative review, i.e., the merchandise described in Appendix III to the questionnaire, and sold in, or to, the United States. (Section 771(25) of the Act.)

Surrogate Country

The Department values factors of production in a surrogate country (or countries). The surrogate usually is a market economy country that is at a level of economic development comparable to that of the nonmarket economy country and is a significant producer of the subject merchandise or comparable merchandise. (Section 773(c) of the Act.)

Verification

To establish the adequacy and accuracy of information submitted in response to questionnaires and other requests for information, the Department conducts an examination of the records of the party that provided the information and interviews company personnel who prepared the questionnaire response and are familiar with the sources of the data in the response. This process is called verification. The Department must verify information in an administrative review when revocation of an antidumping order is properly requested. The Department also must verify information submitted in an administrative review if an interested party so requests and no verification of the producer or exporter had been conducted during the two immediately proceeding reviews of that producer or exporter, or if good cause for verification is shown. (Section 782(i) of the Act.)

APPENDIX II

INSTRUCTIONS FOR SUBMITTING COMPUTER DATA

All electronic business proprietary information that is submitted during a proceeding must be releasable in its entirety under the terms of an **administrative protective order**. (During an investigation, the Department may not release customer names or any information that would lead to their identity. If your standard customer code plainly identifies the customer, immediately contact the official in charge to obtain authorization for the use of a substitute code.)

If you are not able to prepare computer files or if you have any questions concerning the submission of electronic media, contact the official in charge.

This appendix covers the following topics: computer file contents, file formats, computer media specifications, and filing instructions.

A. DESCRIPTION OF COMPUTER FILE CONTENTS

Each file submitted should be assigned a unique eight character name. We suggest that the first four positions be used to identify the respondent's name, the next two positions the type of file (e.g., HM = home market sales; US = United States sales; CP = cost of production), and the last two positions a sequential file number.

For example, the first file of export sales to the United States would be named "FIRMUS01". If that data file were amended and resubmitted during the course of the proceeding, the second submission would be named "FIRMUS02", and the third submission "FIRMUS03".

Within each file, all information pertaining to a specific sales transaction or to the cost of production for a unique product should be included in one record (row). Each record should contain the information defined in the suggested file formats included in section B (Comparison Market Sales), section C (United States Sales), section D (Cost of Production and Constructed Value) and section E (U.S. Further Manufacturing) of the questionnaire.

In preparing the files, left justify character fields (columns) and right justify numeric fields. When submitting in the Lotus format, sale dates, shipment dates, or payment dates should be formatted not as character fields, but as numeric-based date fields. If some of the fields in the suggested file formats are not needed, exclude them from the file. Explain in the narrative portion of your response why the information in those fields is not applicable. If a particular field is not relevant for certain records in the file, enter for those records a zero in the field if numeric, or leave blank if character.

When preparing the completed files for submission, sort each file first by product control number ("CONNUM"), and then, for sales files only, by date of sale ("SALEDT").

B. FILE FORMAT

Since the suggested file formats can be modified to add or delete fields, we have not specified record length or field position in the file formats. The Department, however, does require that each file have a fixed record length and a uniform structure. Every record within a file must be of the same length and must be formatted exactly like every other record in the file. This requires that each field within a record have a fixed width and that the fields be consistent from record to record.

Provide a record layout for each submitted file which identifies the file name and structure and shows the name, position, and characteristics of all fields in the file.

In addition to the record layout, prepare a chart for each file with the following information:

1. variable name of each field
2. short description of the variable
3. unit of measurement (where applicable)
4. unit of currency (for monetary variables)

We suggest that you integrate this information with the record layout. The record layout and chart should be included as attachments to your narrative response to the questionnaire.

C. COMPUTER MEDIA SPECIFICATIONS AND DOCUMENTATION

You may submit your files on any of the computer media listed below. Please use the electronic media specifications and format instructions described. If you have PC SAS, dBase, or Lotus capability, contact the Official in Charge to determine which format is most suitable. You may submit multiple files on a single tape, cartridge, or diskette.

1. 9-Track Tape: The tape can have a density of either 1600 or 6250 BPI. The characters may be coded in ASCII or EBCDIC alphanumeric. The tape may be blocked or unblocked and may contain a label. Blocked and labeled tapes are preferred, but the block size and label must be accurate. The block size is optional, but must be a multiple of the record length for the file. Indicate if the tape is an IBM standard label tape, another type of labeled tape, or an unlabeled tape. Identify the specific location of all zoned or packed decimals.

2. DC 6150 Series Tape Cartridge: Our IBM-compatible PC's, which have WANGDAT tape backup drives and use either SYTOS or SYTOS PLUS File

Backup software, can only read DC 6150 series tape cartridges with a QIC150 format. The data on the cartridge must not be compressed and should be encoded either in ASCII format or, at your option, in PC SAS, dBase, or Lotus formats. Specify on the cartridge label which format you used.

3. Diskette: Standard double-sided, high density, 3.5 inch diskettes are preferred, but double-sided, high density, 5.25 inch diskettes will be accepted. Since the files on the diskette must be readable by an IBM-compatible PC, the data must be encoded in ASCII format or, at your option, in PC SAS, dBase, or Lotus formats. Specify on the diskette label which format you used.

Attach a gummed label to the media displaying the following information:

1. 9-Track Tape
   a. Case name, case number, and submission date
   b. Name of respondent
   c. Proceeding and time period (for example, INV-POI[1/95-12/95] or AR#2-POR[3/94-2/95])
   d. Name of Official in Charge
   e. Tape density and number of tracks
   f. Alphanumeric character type (ASCII or EBCDIC)
   g. Number of characters/record (record length)
   h. Number of characters/block (block size)
   i. Number of files
   j. File names and number of observations
   k. Volume series of tape (if labeled)

2. DC 6150 Series Tape Cartridge or Diskette
   a. Case name, case number, and submission date
   b. Name of respondent
   c. Proceeding and Time Period (for example, INV-POI[1/95-12/95] or AR#2-POR[3/94-2/95])
   d. Name of Official in Charge
   e. File formats and software used to create files
   f. File names, number of observations, and record length

D. FILING INSTRUCTIONS

Separately pack the labeled electronic media, record layouts, file information charts, and printouts (see General Instructions, part II, instruction 11). Place a label on the package containing your name, address, and telephone number plus the case name, case number, and name of the Official in Charge. Deliver the package with your narrative response to the address listed on the cover page of this questionnaire.

APPENDIX III

DESCRIPTION OF PRODUCTS WITHIN THE ORDER

The product covered by the order and this review is _____.

The merchandise under investigation is currently classifiable under item _____ of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

APPENDIX IV

CERTIFICATE OF SERVICE

I, _____, hereby certify that a copy of the

(name of certifying official)

foregoing submission on behalf of _____,

(company name)

dated _____, was served by first class mail or by hand delivery (circle the method used) on the following parties:

(Business Proprietary Version)

On Behalf of

Name and address

(Public Version)

On Behalf of

Name and address

_____

(signature of certifying official)

APPENDIX IV

COMPANY OFFICIAL CERTIFICATION

I, _____, currently employed

(name and title)

by _____, certify that (1) I have

(Interested Party)

read the attached submission, and (2) the information contained in this submission is, to the best of my knowledge, complete and

accurate.

_____

(signature of certifying official)

FAIR VALUE COMPARISONS

August 2000

INTRODUCTION

I. OVERVIEW OF EXPORT PRICE, CONSTRUCTED EXPORT PRICE, AND NORMAL VALUE
   A. Determining which Egyptian sales transactions to examine: EP vs. CEP
   B. Determining the basis for Normal Value: Home Market, Third Country, or Constructed Value

II. OVERVIEW OF ADJUSTMENTS

III. OVERVIEW OF CALCULATIONS OF MARGINS
   A. Calculation of margins for Egyptian sales for Investigations and Administrative Reviews
   B. Calculation of Potential Uncollectible Dumping Duties (PUDD)
   C. Calculation of weighted-average margins for individual companies and the calculation of the "All Others Rate"

IV. DETERMINATIONS ON THE BASIS OF FACTS AVAILABLE
   A. Introduction
   B. When to use Facts Available
   C. Adverse inferences
   D. Corroboration of secondary information

LIST OF ACRONYMS & ABBREVIATIONS

CEP	CONSTRUCTED EXPORT PRICE
COP	COST OF PRODUCTION
CV	CONSTRUCTED VALUE
DOC	U.S. DEPARTMENT OF COMMERCE
EP	EXPORT PRICE
FA	FACTS AVAILABLE
FV	FAIR VALUE
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
HTS	HARMONIZED TARIFF SCHEDULE
NV	NORMAL VALUE
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW
PUDD	POTENTIAL UNCOLLECTIBLE DUMPING DUTIES

FAIR VALUE COMPARISONS

References:

Law No. 161 for 1998, Concerning the Protection of National Economy From the Effects of Injurious Practices in International Trade

Regulation of Law No. 161/1998

- Article 27 – Best information available
- Article 32 – Export price, normal value
- Article 33 – Export price, affiliated parties
- Article 34 – Constructed value, cost of production
- Article 35 – Best information available
- Article 36 – Margin of dumping
- Article 37 – Exporter-specific margins, highest margin for unknown or non-cooperative exporters

Antidumping Agreement

- Article 2 – Determination of dumping
- Article 6.8, Annex II – Best information available

INTRODUCTION

The Egyptian anti-dumping duty law is designed to counter injurious international price discrimination, commonly referred to as "dumping." Only when the Department determines that there are sales at less than fair value (SLFV), accompanied by a determination of material injury or threat of material injury to a domestic industry, can anti-dumping duties be levied. SLFV most often occur when a foreign firm sells merchandise in the Egyptian market at a price lower than the price it charges for a comparable product sold in its domestic market. Under certain circumstances SLFV may also be identified by comparing the foreign firm's Egyptian sales price to the price it charges in other export markets or to the firm's cost of producing the merchandise, taking into account the selling, general, and administrative expenses, and profit. This latter basis for comparison is known as constructed value (CV). Finally, where the producer is located in a non-market-economy country (NME), a comparison is made between Egyptian prices and a "surrogate" normal value (NV). The difference between a company's Egyptian sales price and the NV is called the dumping "margin", which is expressed as a percentage of the Egyptian sales price.

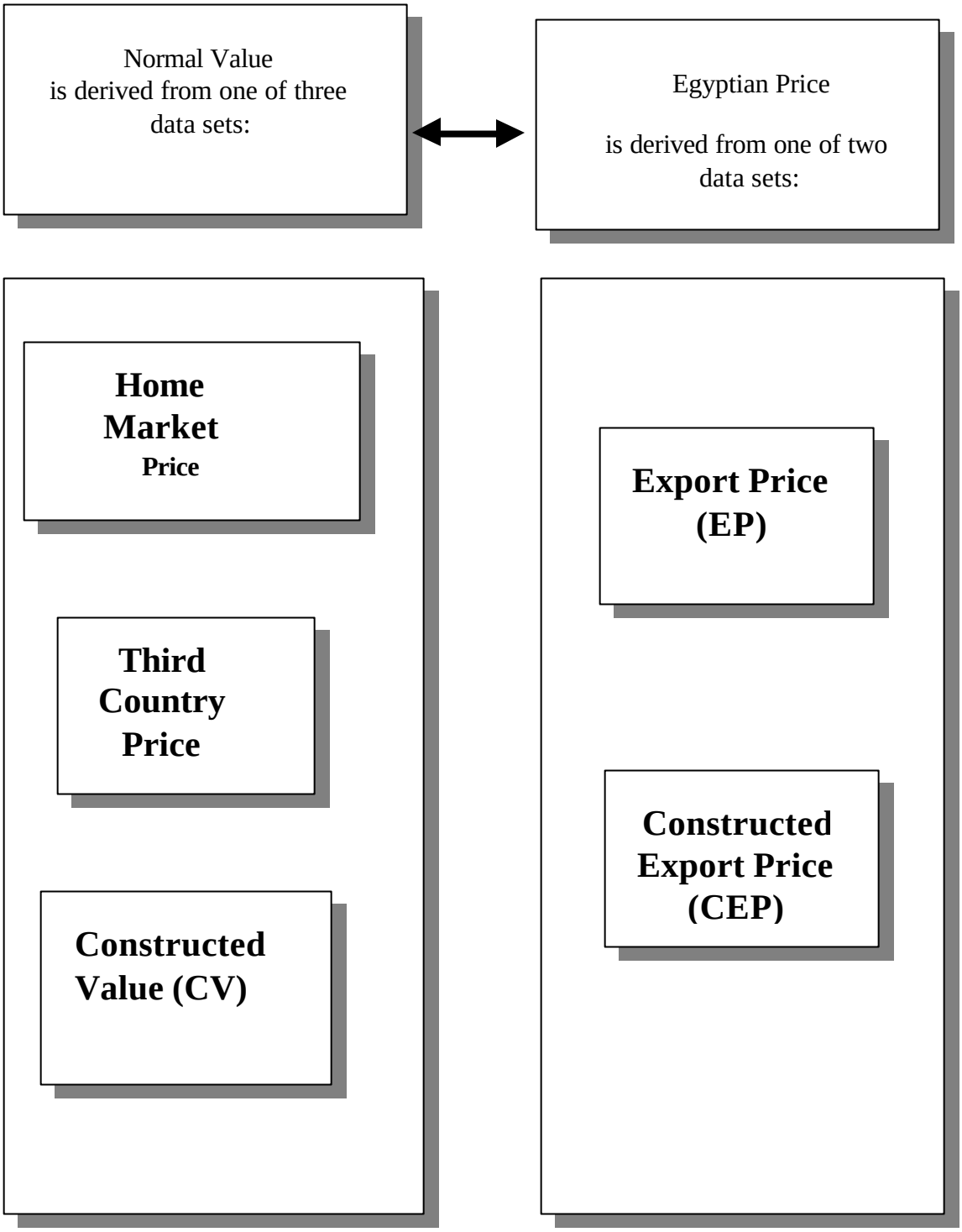
In learning what dumping is, it is also important to understand what dumping is not. For example, dumping is not the sale of foreign merchandise in Egypt at a price less than the price charged by Egyptian producers of the same merchandise. In a dumping case the fact that foreign producers sell their products at lower prices in the Egyptian market than Egyptian producers becomes relevant only in the context of the determination of whether dumped imports have materially injured Egyptian industry.

Also, many people tend to confuse dumped and subsidized import competition, mistakenly seeing them as a single phenomenon. The two are, in fact, distinct, one involving the pricing behavior of individual firms, the other stemming from the decisions of governments to provide preferential assistance to exporters or specific industries. While a foreign government's decision to provide export subsidies or to

protect its domestic market may create conditions conducive to dumping, a finding of dumping will ultimately turn solely on the pricing decisions of the firm in the two markets. Other Egyptian trade laws, such as the countervailing duty law, are available to address more directly the trade-distortive actions of foreign governments.

FAIR VALUE COMPARISONS

The Antidumping Calculus: Comparing Normal Value to Egyptian Price



OVERVIEW OF EXPORT PRICE, CONSTRUCTED EXPORT PRICE, AND NORMAL VALUE

To determine whether SLFV exist in an investigation or an administrative review, an EP or CEP is compared to a NV. The dumping margin is the amount by which the NV exceeds the EP or CEP of the subject merchandise.

A. Determining Which Egyptian Sales Transaction to Examine: EP vs. CEP

A transaction is classified as export price (EP) if the sale to the first unaffiliated purchaser in Egypt, or to an unaffiliated purchaser for export to Egypt, is made by the overseas producer or exporter prior to the date of importation. A simple example would be when an Egyptian company decides to distribute a foreign product in Egypt and contacts the overseas producer or an exporter directly to set up the deal in terms of price, quantity, delivery, etc. If, before or after the time of importation, the sale to the first unaffiliated person is made by (or for the account of) the producer or exporter or by a seller in Egypt who is affiliated with the producer or exporter, an export price must be constructed (CEP). This typically is the price charged by an Egyptian subsidiary of the foreign producer/exporter to the first unaffiliated Egyptian buyer less expenses incurred in selling the product in Egypt and Egyptian profit.

B. Determining the Basis for Normal Value: Home Market, Third Country, or Constructed Value

Finally, NV is based either on the prices at which the foreign like product is first sold for consumption in the exporting country, or to a third country if the home market is not "viable," *i.e.*, not sufficiently large or it is otherwise unusable as a comparison market. NV may also be based on Constructed Value (CV), using cost data (rather than price data), if there are no viable markets or if all of the foreign market sales are found to be at prices that are less than the cost of production (COP).

In non-market-economy (NME) cases NV is based upon a CV of sorts. Each NME respondent reports to the Department the quantities of direct materials and labor used to manufacture the subject merchandise, and the Department values these inputs using prices prevailing in a suitable market-economy ("surrogate") country. To this derived cost of direct material and labor, the Department adds surrogate-country amounts for factory overhead, selling and general and administrative expenses, packing, and profit, resulting in a "constructed value" for the subject merchandise.

II. OVERVIEW OF ADJUSTMENTS

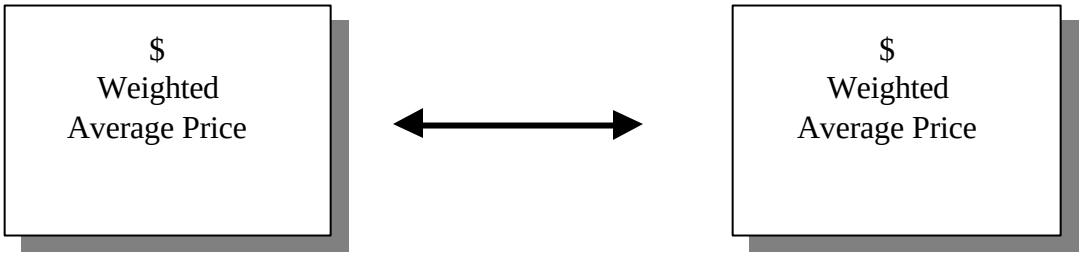
In order to achieve an "apples-to-apples" price comparison, various adjustments are made to calculate NV (see *Normal Value* paper). The need for adjustments arises because there are often physical differences between the merchandise exported to Egypt and the merchandise sold in the exporting country or third-country markets, and differences in the circumstances under which the merchandise is sold. Therefore, to make certain that our comparisons are not distorted by factors extraneous to the central issue of price discrimination between markets, we adjust the "starting" prices to account for any differences in the prices resulting from verified differences in physical characteristics, quantities sold, levels of trade, circumstances of sale, applicable taxes and duties, and packing and delivery costs. Because the CEP must be constructed from a later resale of the merchandise in Egypt, there are deductions that

must be made, but which are not made in calculating EP (see paper on *Export Price and Constructed Export Price*).

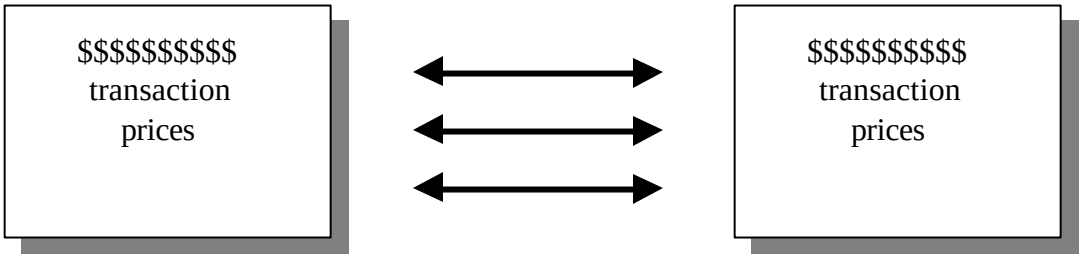
III. OVERVIEW OF CALCULATIONS OF MARGINS

To calculate a dumping margin in an investigation, we must determine what sets of data will be compared, and how the comparison will be made. The following illustration presents three possible methods for comparing NV to EP/CEP.

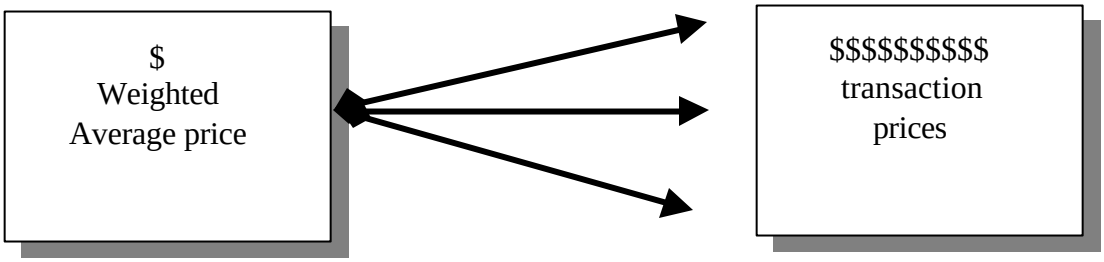
Possible Methods for AD calculations: Weighted Average Price to Weighted Average Price



Comparing Individual Transaction to Individual Transaction



Weighted Average Price to individual Transaction Prices



C. Calculation of Margins for Egyptian Sales for Investigations and Administrative Reviews

The period of an investigation (POI) typically covers the four most recently completed fiscal quarters or, in an investigation involving merchandise imported from an NME country, normally the two most recently completed quarters as of the month preceding the month in which the petition was filed.

We normally compare the weighted-average EP or CEP to the weighted-average NV for a comparable product sold during the POI. We may also establish dumping margins by comparing NV and EP or CEP on a transaction-to-transaction basis. This is normally done only for large capital goods made to order, such as transformers. The differences between these custom-made products render average prices meaningless. Lastly, where these comparisons are inappropriate, we may compare a weighted-average NV to individual export sales transactions, provided that there is a pattern of prices that differs significantly and we are convinced that a weighted-average-to-weighted-average or transaction-to-transaction comparison is not appropriate.

For administrative reviews the Department will generally base NV for the period of review (POR) on monthly weighted-average prices and will compare them to individual EPs or CEPs. Where no sales of the like product are made in the exporting country in the month of the Egyptian sale, the Department will attempt to find a weighted-average monthly price one month prior, then two months prior, and then three months prior, to the month of the Egyptian sale. If unsuccessful, we will then look one month after and finally two months after the month of the Egyptian sale. This practice is commonly referred to as the 90-60-day guideline. If no months with sales in the foreign market exist in this window, NV is CV.

In certain instances the Department may use a shorter period than the whole POI to determine weighted-average NVs. See your supervisor if this is an issue in your case.

For Egyptian sales where dumping is occurring (*i.e.*, the adjusted weighted-average NV exceeds the adjusted weighted-average EP or CEP under our preferred method of comparison), the differences in the two prices are the dumping margins. In an investigation we need only to calculate a single weighted-average dumping margin for each exporter/producer, which, if there is a preliminary determination and there are provisional measures, will be used for bonding or cash deposit purposes until there is an administrative review. Accordingly, for each foreign producer/exporter in an investigation, the unit margins are multiplied by the number of units sold in Egypt on a transaction-specific basis; these amounts are then summed and divided by the total value of the firm's Egyptian sales to arrive at a weighted-average margin. For an administrative review, margins for EP sales are usually established for each individual Egyptian importer because an exporter/producer may have dumped at different rates to different unaffiliated importers.

For administrative reviews of CEP sales, a single weighted-average margin is calculated for all CEP transactions during the POR. Individual, unaffiliated Egyptian buyer margins are not calculated for CEP transactions. Normally, there are many (sometimes hundreds or thousands) of Egyptian sales made during a POI or POR. In

the simplified example shown below for an investigation and an administrative review, there are only two Egyptian sales during the POI and POR, one EP sale involving 9,773 units at $1.36/unit and one CEP sale involving 10,000 units at $1.27/unit.

EP		CEP	
WTD-AVG NV	$2.17	WTD-AVG NV	$1.89
LESS:		LESS:	
WTD-AVG EP	$1.36	WTD-AVG CEP	$1.27
WTD-AVG MARGIN	$0.81	WTD-AVG MARGIN	$0.62

For an investigation the two margins are combined to form a single exporter/producer margin. See section C below. For an administrative review we would do the same thing for publication of a weighted-average rate in our results. When we send instructions to Customs to collect the final duty, an importer-specific rate will be calculated for that purpose.

A. Calculation of Potential Uncollectible Dumping Duties (PUDD)

The PUDD is the amount of dumping duties that would have been collected from the Egyptian sales under investigation had an anti-dumping measure been in effect during the period of investigation (*i.e.*, before the investigation began). The PUDD is used to establish a dumping margin that will remain in effect until annual reviews establish rates based upon entries for which liquidation was suspended pursuant to a preliminary determination (if issued), and for the year following the Measure.

The calculation of the PUDD is, in effect, a two-step process. First, PUDD is determined for each Egyptian sale by multiplying the per-unit dollar margin for that sale by the total number of items sold. Second, the PUDD for each of the Egyptian sales is summed to arrive at a total PUDD. The total PUDD is then used to calculate a weighted-average margin for the investigation, as shown in part C below.

Egyptian Sale No. 1 PUDD: Unit margin x number of units sold

$0.81 x 9,773 = $7,916.13

Egyptian Sale No. 2 PUDD:

$0.62 x 10,000 = $6,200.00

Total PUDD:

$7,916.13 + $6,200.00 = $14,116.13

Weighted-average margin = Total PUDD/Total Value of Egyptian Sales =

$14,116.13/($13, 291.28 + $12,700.00) = $14,116.13/$25, 991.28 = 54.31%

B. Calculation of Weighted-Average Margins for Individual Companies and the Calculation of the "All Others Rate"

In an investigation, once individual weighted-average margins are calculated for each producer or exporter, the dumping margins for these individual firms are then weight-averaged to calculate an "All Others rate" to be applied to sales by firms that were not investigated. If a company under investigation has a zero or *de minimis* margin (less than 2%), it would not be included in the calculation of the "All Others rate." If a company under investigation has a margin based entirely on facts available, this margin would also not be included in the calculation of the "All Others rate." Finally, margins calculated for voluntary respondents are not included in the "All Others rate."

For administrative reviews, a single weighted-average margin based on all EP and CEP sales (entries) for the POR is calculated for each company. It is calculated in the same way we calculate a weighted-average margin for an investigation, except in this instance your amounts for duties will be actual duties as opposed to PUDD. This weighted-average margin is then used as the new cash deposit rate for the company. The "All Others" rate stays in effect from the investigation for all companies that have never received their own rates, so we do not need to compute an overall weighted-average margin that incorporates the margins of all companies subject to the review.

IV. DETERMINATIONS ON THE BASIS OF FACTS AVAILABLE

A. Introduction

The Department normally bases its margin calculations on information provided by respondents about their sales, expenses, costs, etc. The questionnaire is designed to elicit all necessary information. In some cases, however, the Department finds that it does not have information it needs to perform its calculations. In such cases the Department must use the "facts otherwise available," which is any acceptable information that the Department can find to substitute for a respondent's missing information. However, the Department will not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all the applicable requirements.

B. When to Use Facts Available

The Department will use facts otherwise available in reaching a determination whenever:

1. necessary information is not available on the record, or

2. an interested party or any other person:

    a. withholds information requested, or

    b. fails to provide information requested in a timely manner and in the form required, or

c. significantly impedes a proceeding, or

d. provides information that cannot be verified.

Specific examples of different circumstances in which the U.S. Commerce Department (DOC) used facts available in an investigation follow:

- Where a respondent failed verification:

  In Pipe from South Africa the DOC found at verification numerous inaccuracies in the sales information provided by the respondent in its questionnaire response. The DOC determined that the inaccuracies of the information were so material and pervasive as to make the response unreliable for the purpose of calculating dumping margins. Therefore, the DOC applied total facts available in the final determination.

  In the case of Certain Pasta from Turkey, the DOC found at verification systematic flaws in the cost-of-production data submitted by one of the two respondents in the case. Accordingly, the DOC resorted to the use of facts available for the respondent's cost data. Moreover, the DOC determined that because of the flawed nature of the cost data, the respondent's reported home market sales could not be relied upon to make price-to-price comparisons (NV to EP). Therefore, the DOC applied total facts available for the respondent in the final determination.

- Where a respondent failed to provide requested information at verification (partial facts available):

  Facts available may also be used for a portion of the response deemed inadequate. For example, in Certain Pasta from Turkey, where the DOC applied total facts available for one of the respondents, the DOC applied partial facts available for the other respondent. In the latter situation the respondent refused to provide certain financial information that was requested by the DOC in its questionnaire and at verification. Without having examined this information, the DOC could not verify the accuracy of certain elements of cost and sales data. Accordingly, the DOC determined that use of facts available for these elements of cost and sales data was appropriate for the final determination.

C. Adverse Inferences

When the Department decides to resort to facts available in an investigation, it must determine the most appropriate information to form the basis for the dumping margin calculation. In doing so, the Department determines whether an adverse inference is warranted. If the Department finds that a respondent has failed to cooperate by not acting to the best if its ability to comply with a request for information, we may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available. The adverse inference in an investigation may be derived from the following information: 1) the petition, 2) a final determination margin for another

respondent in the investigation, 3) any other information placed on the record, and 4) final results from a prior segment of the proceeding.

For administrative review situations adverse inferences can lead to the use of margins calculated in previous reviews or the investigation as facts available.

Adverse facts available can also be selected for portions of the response.

D. Corroboration of Secondary Information

When using "secondary information" as facts available the Department should, to the extent practicable, corroborate them from independent sources reasonably available to the Department. Not all facts available are "secondary information." "Secondary information" for an investigation is only information from the petition. For a review, "secondary information" can come from a previous review or the investigation (such as the same company's margin from a previous review or the investigation). Independent corroborative sources include the following: 1) published price lists, 2) official import statistics and customs data, and 3) information obtained from interested parties during the investigation. However, the Department may still use "secondary information" even though it cannot find independent sources necessary to corroborate that information. Calculated margins from an investigation or review need not be corroborated to establish reliability because it was based on an official proceeding and there is no independent source of corroboration for margins.

When the Department Declines to Use Facts Available

The Department will not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the Department, if 1) the information is submitted by the deadline established for its submission, 2) the information can be verified, 3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination, 4) the interested party has demonstrated that it acted to the best of its ability in providing the information and meeting the requirements established by the Department with respect to the information, and 5) the information can be used without undue difficulties.

VERIFICATION MANUAL

April 2000

VERIFICATION

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LIST OF ACRONYMS & ABBREVIATIONS

CEP	CONSTRUCTED EXPORT PRICE
EP	EXPORT PRICE
GATT	GENERAL AGREEMENTS ON TARIFFS AND TRADE
GUI	GOVERNMENT UNIFORM INVOICE
NME	NON-MARKET ECONOMY
OBS	OBSERVATION
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW
PRC	THE PEOPLE'S REPUBLIC OF CHINA
ANTIDUMPING **AGREEMENT**	AGREEMENT ON INTERPRETATION OF **ARTICLE VI OF THE GATT**

VERIFICATION

References:

Law No. 161 For 1998
Concerning the Protection of National Economy From the Effects of Injurious Practice in International Trade

Regulation of Law No. 161/1998
Article 26-Verification
Article 48-Undertaking Verification

Antidumping Agreement
Articles 6.6 and 6.7-Verifications
Annex 1-Procedures for On-the-Spot Investigations

INTRODUCTION

This manual describes the purpose of an anti-dumping verification and how to prepare for and conduct a successful verification. For those who have never participated in an anti-dumping verification, it might seem like an impossible task to incorporate all of these procedures into a verification which typically lasts one week. Bear in mind, however, that this manual is a compilation of everything that should be incorporated into the planning and execution of a successful verification.

The ability to conduct a successful verification is dependent upon the skill level of the verifier, number of verifiers, and everything going as planned. Note that the emphasis is on the skill level and not the experience of the verifier. It is possible to be skilled and have limited experience or to be experienced with limited skills. New analysts should always be assigned to work with a senior analyst on their first verification(s) and should not be assigned to lead a verification until they have attained the desired skill level. Typically, two verifiers are always present at a verification, although skilled senior analysts may be called upon to conduct "solo" verifications without assistance from time to time. Tips for conducting verifications with two verifiers are interspersed throughout this manual. For those cases where detailed cost or financial information is part of the proceeding, an accountant, financial analyst, or analyst with accounting expertise should participate in the verification. Finally, the saying about "the best laid plans…" is especially true for verifications. No two verifications are alike, and things will happen that you did not plan for. Expect the unexpected, and, above all, be flexible.

I. OVERVIEW OF VERIFICATION OBJECTIVES AND PROCEDURES

Under Article 26 of the Regulation, the Department shall verify all information relied upon in making a final determination in an anti-dumping investigation, final results of administrative review if certain requirements are met, or an anti-dumping revocation.

Other times when verifications are generally conducted: 1) the continuation of a suspended investigation; 2) the final results of an administrative review, new shipper review, or changed circumstances review, if the Department decides that good cause exists.

The information we rely on to make a final determination in an investigation or in an administrative review is the questionnaire responses of the respondent. We verify this information by conducting a verification at the respondent's facility (or facilities) in a process designed, in most instances, to focus on a prioritized, cross-section of information from the response that will prove or disprove the validity of the overall submission.

A. Objectives

1. Verify the accuracy of the data submitted in the response.
2. Verify that relevant data was not omitted from the response.

B. Timing, Verification Report Content, and Procedures

- When a domestic interested party requests a verification for the final results of administrative review, this request must be in writing and made no later than 100 days after the date of publication of the initiation notice.

- If the Department decides that, because of the large number of exporters or producers included in an investigation or administrative review, it is impractical to verify relevant factual information for each person, the Department may select and verify a sample.

- The Department may conduct verification of a person if that person agrees to verification and the Department notifies the government of the affected country and that government does not object. If the person or government objects to verification, the Department will not conduct verification and may disregard any or all information submitted by the person in favor of use of the **facts available**.

- Verification Report – The Department will report the methods, procedures, and results of a verification prior to making a final determination in an investigation or issuing final results in a review.

- Procedures for verification. The Department will notify the government of the affected country that Department employees will visit with the persons listed below in order to verify the accuracy and completeness of submitted factual information. The notification will, where practicable, identify any member of the verification team who is not an officer of the Egyptian Government. As part of an anti-dumping verification, Department verifiers will request access to all files, records, and personnel which the Department considers relevant to factual information submitted of (1) producers, exporters, or importers, (2) persons affiliated with the persons listed in (1), where applicable, or (3) unaffiliated purchasers.

II. GENERAL PRINCIPLES

A. Planning

Verification preparation begins when you analyze the questionnaire responses. Ask yourself if the questionnaire response provides enough information and sufficient support, such as charts and worksheets, in order to verify the data. Consider how you might verify the information and start drafting a verification outline. If you believe the response does not include the relevant data for verification, request the necessary information in a supplemental questionnaire.

B. Risk Analysis

The concept of "risk analysis" should always be in the back of your mind as you prepare for and conduct your verification. Always consider which direction is to the advantage or disadvantage of the respondent. This approach will help you focus your time and energy at verification on those areas where it is needed the most (especially in completeness). For example:

1. Don't spend a significant amount of time considering what movement or other direct selling expenses the respondent failed to claim as a deduction from **normal value**. Claiming these expenses as deductions would only serve to lower the dumping margin and it is the respondent's role to claim and demonstrate favorable adjustments. However, if you do not find unreported **home market** expenses, note them in the verification report

.

2. Do be concerned about whether the respondent reported all Egyptian movement expenses or other direct selling expenses. Obviously, failure to report these expenses could have the effect of decreasing any dumping margin. The seriousness of these omissions could be the basis for the respondent failing verification.

C. Control the Verification Process

1. Proper time management is a crucial aspect of all verifications. You control the verification schedule. Always bear in mind your objectives and do not allow yourself to become bogged down in relatively insignificant topics or adjustments.

2. Do not become involved in a discussion of case-related issues or attempt to justify or explain decisions made in the investigation or review.

3. Be reasonable in your time and work demands placed on respondents. To the extent practical, work with the respondents in meeting your schedule and objectives. Many times the company personnel have done their best to set a schedule to accommodate your outline and other logistical requirements.

4. At the same time, do not feel obligated to stick to a set agenda or to follow the order of the verification outline. Spontaneity is often the key to a successful verification.

5. Understand the players at verification, their roles and their personalities. While it is sometimes more efficient to deal with the company's spokesperson, you should normally work with the company person responsible for that topic.

D. Setting Priorities for Verification

1. Usually it is not necessary nor is there time to verify every bit of data in the questionnaire response. Therefore, it is critical to rank your verification topics by priority. Keep in mind that the verification priorities are your priorities, not the respondent's.

2. Do not advise the respondent in advance what you may or may not verify (either within or outside of the verification outline). To insure the integrity of the verification process, the respondent must always be prepared to verify any sections of its response.

3. The fact that an item was not actually verified will not mean that the item is unverified. Verifications involve a great deal of sampling. Consequently, assumptions about items not selected for verification will depend on how the verification went for the selected items. If the selected items in the response tie to the company's records, we will have a good deal of confidence in the accuracy of the items we don't specifically verify.

E. Important Insights and Suggestions

1. Generally, respondents are truthful in their responses. Nonetheless, you should always ask probing questions or examine a matter from different perspectives in order to ensure that you receive accurate information.

2. Be aware that, in some parts of the world, it is an accepted business practice to have a second set of books. If you are concerned that the records you are reviewing are not reflecting the true business practice of the company, you may overcome this situation by advising the company (directly or through consultation with their attorney) that you are just interested in the business facts as they pertain to the investigation or review.

   If you find that a company has a second set of books, you must exercise extreme caution and sound judgment in how these books are used. Have the respondent describe to you how the books differ. Wherever possible, you should link the second set of books to the official records. For example, if certain income from Egyptian sales is kept offshore in unreported foreign accounts, the respondent will be

pushing to apply that income to Egyptian prices in order to push the price up. Since this methodology is to the respondent's advantage (remember "risk analysis"), the company bears the burden of proof to directly link this income to the Egyptian sales.

3. Be aware of cultural differences in conducting the verification. For example, it may be the custom (or tactic) in some places to only answer a question exactly as asked. Therefore, if you or your interpreter don't phrase the question properly, you will not receive a full and complete response. Where necessary, discuss the topic with your interpreter and ask him or her to be sensitive to the problem.

4. Do not limit your discussions to company personnel (or its attorney or consultant) responsible for presenting the company response. While there are advantages in having one person speak for the company, such as efficiency and continuity, you should always be sensitive to the fact that, by using one person as a spokesman, the company may be controlling the information it wants you to see or hear.

   a. When you want an "unrehearsed" answer or explanation, request that certain company personnel be called into the verification room. Ensure that all conversations are in English or are monitored by your interpreter.

   b. Spontaneous phone calls are also an effective and efficient way to corroborate information, particularly if the party you wish to speak to is not at the verification site. In these cases, have your interpreter translate the questions and answers. Always allow company officials to listen in (use a speaker phone) to ensure that the translation is correct and that they are aware of what is being said.

F. Do Not Lose Sight of Your Two Objectives

1. Verification of the accuracy of information submitted in the response.

   a. You must first verify the data as submitted in the response unless you are absolutely certain that such data will not be used in the final determination. Realize, however, that the magnitude of some submissions may mean that not all data will actually be examined. In these instances, your prioritized verification outline will be crucial to the success of the verification.

   b. Although you may believe that the respondent's data is flawed, failure to verify the data on the record places the Department in a tenuous position in arguing pro or con on a topic in reaching a determination or before the court. Your verification results should provide the support for the record of the correctness or incorrectness of the questionnaire response.

c. Do not rely on respondent's worksheets as the source documents for verification of a particular topic. Worksheets should first be tested for accuracy (if these documents are already on the record, try this test before verification) to determine if the math, formulas, and assumptions yield the results claimed in the worksheet. Do not simply accept the respondent's methodology as presented. There may be fundamental assumptions that are not supported by the facts or alternatives that provide a more reasonable and accurate accounting. Once you have examined a worksheet in this manner, trace, as appropriate, back to accounting records and source documents.

2. Verification that relevant data was not omitted from the response.

a. This objective is commonly referred to as verifying the completeness of the response. Completeness, though frequently applied only to the reporting of sales transactions, also applies to charges and adjustments.

b. If you limit your verification to the information in the response, you have not conducted a thorough verification.

c. Completeness should not be thought of as a single phase of the verification. It has its roots in the foundation of knowledge you establish in the beginning of the verification, and is constantly evolving as you probe and attack the response from different directions. "Risk Analysis" is a key component of completeness.

G. Thoroughness

The outcome of an anti-dumping investigation or review is often vitally important to the petitioner or respondent. Therefore, you should be thoroughly familiar with the questionnaire responses, other case facts, and the issues of the investigation or review before you commence the verification. Above all, conduct yourself in an impartial manner at all times.

III. PRE-VERIFICATION PLANNING

A. Logistical Plans

1. Length

The length of a verification for an investigation or a review will depend on the complexity of the questionnaire response and the resources (including budgetary) available for the verification. As a general rule of thumb, most market-economy verifications at overseas sites take four or five working days. Verifications in Egypt for constructed export price (CEP) transactions generally last from one to three working days.

For non-market-economy (NME) cases, we usually spend one to two days verifying the sales portion of the response, and two to three days verifying the **factors of production** portion of the response. The length may be determined in part by the number of Egyptian sales transactions and number of production factors involved. If the same company sells and produces the merchandise, a total of two to four days may suffice. In some NME cases, we may also visit a government or business association office. These verifications are generally limited to one day.

Bear in mind that, whenever possible, additional time should be considered if a senior analyst is training a new analyst.

2. Dates and Places

Ideally, in an investigation verification should begin between one to two weeks after the publication of the preliminary determination. While the objective is to verify as soon as possible, you should allow enough time after the preliminary determination for proper preparation. If there are outstanding issues that require additional focus or information, the schedule should be adjusted accordingly.

If the final determination in an investigation is postponed, you may also need or want to push back the verification later than two weeks after the preliminary determination.

However, you still need to schedule the verification well in advance of the final determination in order to allow plenty of time for the verification reports, interested party briefs, the hearing, and developing the final determination.

It is a good idea to begin informally discussing verification dates and locations with the respondents or their attorneys well ahead of time. This way, to the extent possible, you can try to work around potential conflicts, holidays, etc. before you advise the respondents of the verification dates.

In some cases you may need to consider conducting some business on the weekend. For example, Saturday is at least a one-half-day workday in some countries and planning some verification work on a Saturday may be appropriate for your schedule.

Remember, however, that you, and not the respondent, are ultimately responsible for setting the verification schedule. In doing so, first consider the needs of the Department; then, where possible, factor in the concerns of the respondents.

3. Location

While in most cases it will be fairly obvious where source documents are maintained and, hence, where verification will take place, in other cases it

will not be as clear. Due to the role of affiliates, sales offices, the factory, trading companies, etc., it may be necessary to conduct verification at multiple sites. Be sure to develop this information during your analysis of the questionnaire response. Don't hesitate to question the respondent (or its counsel) to identify the appropriate verification sites. Ultimately, your team will determine where to verify.

When faced with the prospect of verifying at multiple sites, respondents have occasionally suggested that all verification documents be brought to one central location for verification. While this is possible, extreme caution must be exercised. Our stated objective is to verify at the location where the source documents are to be found, both for verifying the information submitted as well as for conducting completeness tests. If the respondent insists on having the documents brought to one central site, it should be advised in writing that failure to provide the source documents requested could be to its detriment.

4. Travel Orders and Notifications

a. Travel orders must be prepared for all official travel. Generally, the office support staff prepares travel orders. Travel orders should be drafted as soon as possible after the verification itinerary is determined – probably three to four weeks prior to departure – but no later than two weeks prior to departure. Be sure to provide the following information to the preparer:

- Names of all verifiers
- Location of all verification sites
- Proposed itinerary
- Proposed modes of transportation
- Anticipated expenses such as interpreter fees and travel expenses, excess baggage, official telephone calls and faxes, additional travel, car rentals, etc., as appropriate

You may need to assist in estimating the costs of your travel expenses in order to prepare the travel orders.

b. We are required to notify the respondents and representatives of the government of the country where we intend to verify. The Department will verify information in a foreign country only after: (1) obtaining agreement from the persons whose information will be examined; (2) notifying the foreign government concerned of the details of the verification. If the foreign government concerned or the person whose information is to be verified objects to verification, the Department will not conduct the verification and may disregard the submitted information in favor of the facts available, according to Articles 27 and 35 of the Regulation. The Department shall give sufficient notice to persons involved before verification is conducted. This notice should identify any member of the verification team who is not an officer or employee of the

Egyptian Government. Such non-government members will be required to sign a standard non-disclosure agreement regarding limited disclosure of confidential data to ensure the confidentiality of business confidential information obtained or examined during verification. This notification should be made as soon as you have determined your travel plans.

B. Review Responses and Calculations

1. Knowing a respondent's questionnaire response thoroughly is critical for a successful verification. Prior to the verification, conduct a thorough review of all responses as well as petitioner's pre-verification comments. Review the product catalogs and financial statements included in the response. If you have not already done so by this time, read the preliminary determination injury report, as it frequently has valuable information on the product and production processes.

2. Invite comments from the petitioner. When verification has been planned, prepare a letter to petitioner or its advising of the verification schedule, inviting comments as to the major elements of verification concern. The petitioner should be reminded that verification time is limited so its comments should be directed at helping the verification team to organize its time so that, if appropriate, the response elements of most concern to petitioner are sufficiently addressed at verification.

3.Continue to analyze the numerical data. Review the sales and adjustment claims and, where appropriate, cost or factors of production data to identify what is important and what is not. For example:

a. Identify "outlier" sales and related information for each response. That is, identify the transactions with the maximum and minimum values for prices and adjustments. These values may identify erroneous data, or costs and expenses that may need to be checked carefully.

b. Identify some "typical" sales close to the average or mean of the database that include most of the typical adjustments encountered in the response. These sales often constitute the "bread and butter" of the response and are good baselines to compare against the "outlier" sales.

c. Sort a variety of data by customer or groups of customers (i.e., affiliated and unaffiliated) or customer categories (e.g., distributors and end-users). Examples of key data to sort are quantity and value, rebates, discounts, channels of trade, and commissions. Sum the totals for all quantifiable data fields and break it out by reported variables within that field. These totals may be useful in determining the significance of certain variables or for checking allocations.

d. Review the preliminary determination calculations in investigations for such items as sales that may be driving the margins or which sales

were or were not used for product comparisons. This examination will give you a better idea of what was relevant for the preliminary determination and what could be relevant for the final determination.

e. In reviews, look at the results of the previous determinations. If the company has been verified before, examine the reports from earlier verifications.

f. For factors of production or cost of production responses, identify those products or models with the highest and lowest consumption of inputs or costs. Identify the models or products which generated the highest and lowest margins at the preliminary determination in an investigation, and try to identify any inputs or cost elements which may have generated these results.

These analyses will help you identify areas on which to concentrate at verification. As part of this process, you should be able to identify specific transactions for inclusion as "pre-selected" or "on-site" sales at verification. Similarly, if you are involved with a factors or cost verification, you may use this process to identify specific models and inputs or cost elements for detailed examination at verification.

g. External Source of Information

In preparation for each verification, to the extent practicable, members of the verification team and the team's managers should search for external sources of information regarding industries and companies to be verified. In particular, the team should coordinate closely with other agencies of the Egyptian government, such as Customs, the Foreign Affairs Ministry, and embassies/consulates in the appropriate countries. Caution: Without the consent of the owner of business confidential information, you cannot disclose this confidential information. Therefore, all Department staff must be certain to limit discussions of information we have to public information only.

Information on some Egyptian and some foreign companies can be obtained through public sources such as Dun and Bradstreet, Moody's, Lexis/Nexus, etc.

Information on Egyptian companies can be obtained from the articles of incorporation (which usually will include the names of the boards of directors).

C. Tools for the Verification

Obviously, you will need to bring the questionnaire responses and related documents to verification, at least in some form. You can always try to pack up your office and bring everything, but experienced verifiers generally use a more organized approach. These tools and techniques, described below, will help you

organize the response information to make your verification proceed smoothly and efficiently. They will also help minimize your luggage requirements.

1. Data Packages

Data packages are collections of documents from the submissions which deal with a specific verification topic. Those who have used them consistently strongly recommend using data packages for all but the simplest of responses.

a. Each data package should contain all submissions, including exhibits, which have been submitted on the specific topic. Date the top of each page with the submission date. Place the latest submission on the top. Be sure to include the petitioner's pre-verification comments in the packages.

b. Data packages are generally maintained in separate folders. Any verification exhibits or notes taken during verification should be included in these packages.

c. Examples of typical data package topics would be organizational structure, relationships, accounting (includes financial statements), product information, distribution systems, date of sale, discounts, rebates, commissions, ocean freight, duty drawback, difmer, advertising, etc. Where the charge or adjustment is unique to the Egyptian and home markets, separate data packages should be prepared. Additional packages can be created at verification for completeness and sales traces.

d. If time allows, data packages can be made even more useful in organizing data or reducing response volume by front and back copying, cutting and taping multiple submission narratives onto a topic page, excluding all but sample pages or relevant pages of particularly voluminous documents (e.g., product catalogs, customer code lists) if you know that the remaining pages will not be needed at verification or that the respondent will have a full copy of the response at verification, and excluding submissions that have been superseded for non-methodological reasons.

2. Advantages of Data Packages

a. When the responses are large and there have been multiple filings on a topic, the packages give you all of the relevant data in one place without having to fumble through multiple submissions.

b. Data packages make it very easy to jump from topic to topic. When starting a new topic simply pick up the appropriate package and review the submissions in one quick read. Having the petitioner's comments included allows you to focus on the full scope of the issue. Similarly, during the verification when you need to jump back into another topic or to review some earlier exhibits, you know right where to find them.

c. It makes verification report writing easier in that everything needed on a topic is right at hand, including the relevant verification exhibits.

d. Data packages make it very simple for someone unfamiliar with a response and petitioner's issues to assist with verification. They simply pick up the package, review the documents, and verify. In this regard, data packages are essential.

e. It shows the respondents that you are well prepared and well organized, all of which enhance your appearance of professionalism.

f. Properly done, data packages actually reduce the volume of paper carried to verification.

g. The time spent preparing the packages is not only a useful review, but is also time saved during verification and report writing.

3. Response Index

An alternative to data packages is detailed response indices which consolidate, by topic, the location in the response of all submissions on that topic. A response index is a tool which should be prepared as the questionnaire responses are submitted, not immediately before verification. Analysts who have used this tool find them extremely helpful for tracking response information through the supplemental questionnaire and preliminary determination process, as well as for verification planning and conduct.

Typically the indices are set up to follow the questionnaire format. Each questionnaire item may be a heading in the index. Under each heading identify where the respondent has responded to the question by date of response and page or exhibit number. As appropriate, include notes about the response. Where a supplemental response provides information that supersedes earlier information, these changes are reflected in the index and may provide a line of inquiry at verification (e.g., why was one set of data originally reported and how did the respondent identify the error?). Below are some sample index excerpts:

<u>Accounting Practices</u>

9/10 response, p. 24: Normal fiscal year period=Jan. 1 – Dec. 31.
Maintains no internal financial stmts.
9/10, Exhibit 2: Company's '97 and '98 financial statements (English)
9/10, Exhibit11: Financial statements of affiliates Foreign Production Co., Ltd., and Major Input Supplier, S.A. (English)

<u>Adjustments for Rebates and Discounts</u>

Home market

OTHDIS1H, *f*/MT; REBATE1H, *f*/MT (variable names, with currency and unit)

9/10, pp. 7-10: Description of discount and rebate programs

10/20, pp. 9-10: No discounts except for a "trader's discount" offered to resellers of certain mdse., based on [x.x]% of full price trader/reseller purchased from Respondent. Annual rebate program for 2 customers at [y]% if they meet their target volume.
11/17, p. 23: OTHDIS1H=trader's discount, credited on invoice.
11/17, p. 24: REBATE1H granted by credit note after end of calendar year as [y]% of GRSUPRH less freight.
11/17, Exhibit 26: Sample invoice and sales data for rebate claim.

4. Smaller, Simpler Responses

In some investigations and reviews (typically those involving non-market economies and a relatively small number of sales), questionnaire responses may be relatively small and easy to follow. For these cases, data packages and/or a response index may not be necessary as long as you are able to keep track of all of the response information without these tools. Such smaller responses generally are not a burden to bring to verification.

5. Other Methods

Some experienced verifiers have used variations of the above, such as both data packages and response index or data packages for some major issues and partial copies of responses for others. The verification outline (discussed below) may incorporate aspects of a response index and may be sufficient for your purposes. Consult with your supervisor about the approach which best suits you and the verification.

6. Laptop Computers

Many verifiers travel with a laptop computer which is available from their office. In addition to its use as a word processor to draft the verification report while at verification, the computer is also useful as a verification tool for maintaining "soft" copies of case documents and to analyze data bases at verification. If you want to use a laptop for this purpose, encourage respondents to submit copies of the questionnaire response on diskette so that you can load the document on the laptop computer. Laptop computers are generally equipped with Lotus spreadsheet software. If the sales, cost, and/or factors data were submitted in Lotus 1-2-3 format, load the data onto the laptop, along with the margin calculation program. This procedure will allow you to continue to analyze the data and the impact of various verification items while at verification.

D. Selecting Sales for Verification

Prior to verification you should identify specific sales transactions from the Egyptian and exporting-country (EC) or third-country database for detailed examination at verification. Some of these sales are listed in the verification outline and are commonly referred to as "pre-selected sales." Others will be identified to the respondent in the course of verification and will be referred to as "on-site" sales.

The specific sales selected should cover the full spectrum of terms of sale, charges, adjustments, etc., as well as sales with unusual characteristics. Your data analysis prior to verification, discussed above, should provide you with some direction in choosing these sales. If there is a cost of production investigation in the proceeding or where normal value is based on constructed value, coordinate the selected sales for the sales verification with the products and costs to be examined at the cost verification. If an accountant is involved in the cost investigation, be sure to coordinate the objects of the sales and cost verifications. For example, make sure the cost team is aware of the sales transactions that you consider important and they can focus their verification to cover the cost side of the same transaction.

In identifying selected sales to the respondent, include enough unique information to allow the respondent to identify the proper sale. It is not uncommon for much of the same sales transaction data to be repeated for different observations (OBS) or for the OBS# in your program to differ from the OBS# used by the respondent.

For the pre-selected sales, select as many sales as needed to cover the range of data you wish to observe while keeping in mind your time constraints at verification. Around five pre-selected sales for each market is typical for a normal-economy case. If both EP and CEP sales are involved, you may want to choose four to six sales of each type. Select an equal number of "on-site sales" to be presented during verification.

In some cases, particularly NME proceedings, the total number of sales reported may be so small as to make pre-selection unnecessary. For example, if a respondent only made 10 sales during a period, it is probably easier to advise the respondent to consider all sales as "pre-selected."

The term "surprise sales" often has been used to refer to on-site transactions presented to the respondent during verification. Generally there is nothing "surprise" about these sales as the respondent will typically disappear with the list in order to collect the necessary supporting documents. Instead, you should use sales selected on-site to further examine topics of interest that were identified prior to or during verification. If there is a particular concern about the legitimacy of documents, then a member of the verification team may decide to accompany the company officials as they gather the necessary documents.

Prior to your departure, run a printout of the complete transaction data for each of the selected sales. If possible, produce a printout with the invoice number of each of the selected sales so that you can compare all of the sales transactions reported to those on the actual invoice. Each selected sale or invoice should be printed on a separate page so that you have extra space to take notes on during the verification of that sale. Ultimately, every relevant column should be checked off as verification of that topic is completed.

E. Verification Outline

The verification outline may be the single most important tool of the verification. It provides a description of the structure of the verification: what will be verified, what documents will be reviewed, in what order items will be verified, etc. In essence, the

outline is your "script" to the verification. The outline is also a guide to the respondent to insure that it has properly prepared for the verification.

As discussed further below, work on the verification outline could begin as early as when the questionnaire responses begin to arrive. The outline should be presented to the respondent at least two weeks before the verification begins, but in no case should it be provided less than one week prior to the verification.

1. Outline Style

   Use a standardized outline, if available, which will also serve as the outline for the verification report. To the extent possible, each section of the standard outline should address response-specific data that is to be verified. Such presentations can easily be incorporated into the verification write-up. See your supervisor for a copy of the outline, or check the most recent verification report done for an investigation or review.

2. Cover Letter

   The cover letter to the outline should identify who will be verifying and the dates you will be at each verification location. Most importantly, the cover letter will provide an overview of the verification requirements, including preparation of verification exhibits and other instructions. Certain points may need to be emphasized in the cover letter. For example, it is very important to stress the need to have reliable copier facilities close at hand. In addition, the respondent may need to be reminded to have verification documents translated into English in advance of the verification. You should also reach agreement with the respondent on your planned work hours.

IV. OPENING THE VERIFICATION

The reader will note that it has taken a number of pages discussing verification preparation before we begin to discuss the actual verification. The previous discussion should make it apparent that the key to a successful verification is good preparation. In addition, you can further help yourself by establishing effective work procedures and a proper verification atmosphere at the start of verification.

A. Using an Interpreter

All personnel conducting verifications in non-English-speaking countries should obtain the services of an independent interpreter. For many overseas verifications you will be relying on an interpreter to translate your questions, the respondent's answers, and many of the source documents. Occasionally respondent's personnel will feel comfortable working in English. If you do verify in English, you and your interpreter should observe how this procedure is working. Your interpreter should then be used to listen to the side-discussions taking place in the native language and to translate documents as needed.

If you have the opportunity, send or fax a copy of the non-rank-ordered version of the verification outline to the interpreter in care of the embassy or consulate which

arranged for the interpreter's services. Even so, it is a good idea to meet with the interpreter prior to the verification to brief the interpreter on the verification process. Go over any difficult terms for translation, such as technical production terms specific to the product. Take this opportunity to review work requirements, such as the hours the interpreter is expected to be on duty, and the need to sign a statement of independence and confidentiality. All interpreters, except those foreign nationals working for the Egyptian Government, are required to sign a statement certifying their independence from the firm(s) involved and assuring that they will not divulge to others any information that they observe or hear during the course of the verification.

Although you will be speaking "through" the interpreter to the company officials, you are really speaking directly to the company officials. Try to phrase your questions in the first person and look at the company officials, rather than the interpreter, when speaking.

As you proceed through verification, remember that the interpreter is working for you, not the company. Do not permit the respondent to take over the interpreter's services or to provide instructions to the interpreter.

Some interpreters are better than others in a verification context. Observe and listen carefully to the interpreter and his/her interaction with the company officials during the first part of verification. If you note that the interactions are going smoothly and the interpreter has few problems understanding what you and the company officials are saying, then you probably have a good verification interpreter and should have few translation problems. However, if you observe your interpreter stumbling over words or frequently asking the company officials to further explain their answer (or ask you to restate your questions), then you may encounter some translation difficulties. In these instances, proceed cautiously and carefully with your questions. Use clear and precise language, without jargon or slang, in posing questions to the company. You may need to repeat and rephrase your questions in order to be sure that both you and the company officials understand what is being said.

If these problems persist, contact the embassy, consulate, or agency which arranged for the interpreter and ask about obtaining a new interpreter. Note, however, that a substitution may not be possible on short notice at verification sites outside metropolitan areas. An inadequate interpreter can seriously undermine the integrity and professionalism of the verification.

B. Getting Started

1. Exhibits

Since you have prepared a meaningful outline, attempt to follow the order in the outline. Nevertheless, you may want to discuss the order at the beginning of verification, particularly if part of your verification needs to take place at another site, such as a factory or affiliated party at another location. Further, when the opportunity arises to pursue another topic, you need to make a judgment call on whether to deviate from the outline. This situation frequently occurs when you see the opportunity to conduct a completeness test or need to have the respondent

collect certain types of data. Another example would be the opportunity to verify a topic spontaneously.

Exhibits are copies of the source documents you view at verification that support the response and/or verification findings. You do not need to take a copy of every document you see. Generally, take what you need to support a point. If the item is complex or contentious, you will likely take most or all of the documents. In other cases you may simply take a sample of what you have seen. If accompanied by a senior verifier, she or he will help you determine what is appropriate. Feel free to write on exhibits and data packages (if you use them), especially where translations are necessary.

When dealing with a particular topic for the first time, always ask for copies of the relevant exhibit before the explanation begins. That way, you will have them to write on. It is not uncommon for a respondent to try to explain a topic to you before giving you the exhibit. Discuss with the respondent how many copies of each exhibit need to be made (include respondent's needs in your count).

Exhibits are given numbers in order to list them in the verification report. Make the first exhibit 1 and number them sequentially thereafter. If you need to refer to specific pages within the exhibit, assign the exhibit subsections (for example, Exhibit 1 could be comprised of exhibits 1a, 1b, 1c, etc.). This technique is particularly useful in tying parts of an exhibit to your notes. It also makes a verification report cite to an exhibit in your verification report more precise.

When tying data back to source documents, your goal is to see the original source document. When this is not always possible or practicable, you should randomly demand to see the original document.

The respondent or, if present, its counsel needs to have the same set of exhibits and reference numbers as the Department. Explain the numbering system you intend to follow and work out a system for ensuring that the respondent has the same exhibits as you (note that yours will have your notes on them but the respondent's will not). A good approach is to organize your exhibits at the end of each day's verification and go over them with the respondent either at that point or the next morning. Be sure, however, that you maintain control of the exhibits at all times.

2. Using a laptop computer

If you have taken a laptop computer to verification, make a copy of the verification outline, and use the copy to draft your verification report. Keep this draft report file open during the verification. After each verification topic (or at a break point during a complicated topic), take time out to summarize your notes or to actually write up that section of the report. Experienced verifiers have learned the following:

a. Every 10 minutes spent writing during verification or afterwards that evening is equivalent to 30 or more minutes of report writing when you get back to the office.

b. You will feel less stressed knowing that all of that day's work is not piling up in your head. You will feel refreshed to start a new topic.

c. Writing during verification allows you to go back and ask follow-up questions, or reveals new leads. It also gives you a reference to refer to back to as the verification progresses.

e. The respondent can be kept busy preparing the next topic or following through on work assignments while you take the time to write.

3. People Resources

When 2 verifiers are present, both should participate in the phase where you lay the foundation for the verification. However, once you reach the point of verifying stand-alone topics (such as movement charges, specific adjustments, sales traces, etc.), one person can write up a section he or she verified while the other verifies a new topic. Alternatively, each verifier could conduct separate portions of the verification simultaneously with the other verifier. In such instances, however, you must first establish that the respondent has the ability to conduct simultaneous verifications.

You can expand your verification team by putting the respondent's staff to work for you. Give them structured assignments and have them report results back when completed. Most respondents will eagerly cooperate with this request as they are anxious to speed up the process and this is one area where they can make a difference. Of course, always maintain control of the verification process. Let it be known that you will check to source documents as needed.

For example, you have decided to conduct a completeness test using the 10 branch office sales ledgers which are contained in 40 ledger books. You select 30 sales and tab the page. To maintain control, you note the volume, page and invoice number. You then sketch out a format of what type of data you would like the respondents to collect for each sale. You tell them to tie the sales to a variety of source documents and to bring you the filled-in worksheet and source documents when completed. You check the first few against source documents, and randomly check others. For other assignments, you may simply ask them to tell you if there were any discrepancies and check nothing.

The key is to be unpredictable as to when and how you will actually trace the worksheet results to source documents.

C. Overview to Respondents

Verifications often begin with an introductory session with those people directly and indirectly involved in the preparation of the response and those responsible for verification. There may be only one or two company officials or upwards of 25 individuals. Include the following information in your overview:

1. That you are there to verify the accuracy of their responses as required by our anti-dumping law.

2. That you will be verifying the negative as well. That is, you will be examining whether any relevant data was omitted or confirming that certain expenses or other items do not exist.

3. How exhibits, new information, and photocopying will be handled.

4. Set the agenda for the first day and explain how you intend to proceed. Let them know the types of hours you will be working and what is expected of them (in terms of after-work assignments). If they have a schedule planned based on your outline, you may consider it, but emphasize that you reserve the right to deviate from it as needed. This procedure usually works out as long as you give them advance warning of changes.

5. Discuss meal arrangements. You may suggest that "working lunches" be used with food brought to the verification site. While meals overseas with a foreign entity's representative are permitted, such meals should not be excessive. However, as impartial investigators, verifiers have a unique responsibility and must take care to avoid any appearance of a conflict of interest. After-hour activities with respondent personnel or its counsel should be approached with caution or avoided altogether.

6. Agree to maintain a visible checklist of outstanding assignments and documents. If the verification room has a chalkboard or large pad on an easel, use it for this purpose. Go over it daily to ensure that both parties understand where things stand. This procedure is essential to maintain control of the verification.

D. Dealing with Response Revisions and New Information

Conclude your introductory comments by asking if there are any clerical errors or new information to present. These situations usually arise after the company has begun preparing for verification or their counsel has done a "dry-run" verification.

There is a fine line between clerical errors or minor omissions and new information. New information would include such things as modification to the date-of-sale methodology or the reporting of many new sales or adjustments. Clerical errors are typically corrections to existing calculations while a minor omission might involve dates of payment that were not available for the initial or supplemental questionnaire response. In all cases, your benchmark for evaluating the claim should be its relevant significance to the response.

If you feel that the respondent is presenting substantially new information, either prior to or during verification, you should contact your supervisor in Cairo and ask how to proceed. Do not make any commitments to accept the new information until you have talked to your supervisor. Due to the time difference between most countries where we verify and Cairo, it is likely you will not be able to reach your supervisor during that workday. To the extent possible, attempt to determine the magnitude of

the problem as this information will be needed by you, the senior analyst accompanying you, or your supervisor in Cairo, in deciding how to proceed.

Any new information or corrections of clerical errors that are accepted during verification should be submitted for the record in Cairo, and served as required on all parties to the proceeding as soon as possible.

E. Dealing with Discrepancies Discovered During Verification

Discrepancies are errors in the information reported in the response or required information that was not reported in the response that were discovered by the verifier during the course of the verification. Minor discrepancies are similar in magnitude to clerical errors and should be noted in the appropriate section of the verification report. The verifier must bear in mind, however, that many of the items being verified (such as the sales traces) represent a small sample of the data reported. Thus, when a seemingly minor discrepancy is found, you will need to evaluate the depth of the problem – does it affect only that transaction, or does it reflect errors in the invoice, sales order, or complete database?

Major discrepancies are serious flaws in the database which call into question the integrity of certain sections of the response or the complete response itself. An example of a discrepancy in a specific section of the response would be if your completeness tests on expense accounts reveal the existence of direct Egyptian advertising expenses (your "risk analysis" assessment would tell you that it was to the respondent's advantage not to report direct Egyptian advertising expenses) when the respondent reported no such expenses. In this case, you should document the existence of the discrepancy and collect additional information (such as account totals or Egyptian account totals), as time and resources allow, that will provide alternatives for dealing with the problem during the post-verification decision-making process.

Examples of a major response discrepancy affecting the complete response would be failure to report a large number of period of investigation (POI) or period of review (POR) sales, or the existence of consistent inaccuracies throughout all sections of the response. Upon discovering such major discrepancies, you should contact your supervisor in Cairo and ask how to proceed. Again, where time and resources allow, you should collect sufficient information (such as what is the magnitude of unreported sales – 1%, 5%, 40% of total sales) for dealing with the problem in the post-verification decision-making process. It is important that you make it very clear to the respondent that collection of such information does not constitute acceptance or verification of the information. Furthermore, the verifier should not discuss the possibility of using facts available for the missing data in making a final determination.

V. INTRODUCTORY REVIEW

Laying the foundation is essential to a successful verification. On the one hand, you are reviewing the information already on the record, while, on the other hand, you are fleshing out this information to the depth needed. This process will give you a fuller understanding of how the company is put together and how it operates. You cannot verify the negative without the knowledge about the company because it gives you the tools and know-how with which to probe.

A. Corporate Organization and Structure

Even if the response is clear on corporate organization and structure, go through the entire structure. It tells you who the players are and gives you a better overview of the entire company, not just the unit involved with the subject merchandise. Such information may lead to unreported sales channels or affiliated customers and suppliers.

Make sure that you have the organizational structure in effect for the POI or POR. Frequently, you will find out at verification that the structure changed during the period and you have only one of the structures.

For those key sections of the company relevant to your investigation or review, obtain names and numbers of people in the section. You may want to question people later or use numbers for a reallocation.

Where appropriate, identify the accounting codes or cost centers for each key section. In dealing with non-market-economy cases where a respondent's claimed independence from government control is an issue, you will want to review the company structure to identify all potential areas of government involvement or coordination with other producers and exporters. The company's legal identity or status may also be important. Make sure you understand the relevance of this concept in the verification country – it will often be a clue as to the degree of independence from state control that the company has. At the same time, do not rely solely on this status to verify this issue. You will want to test the application of this claimed independence frequently throughout the verification.

B. Accounting Review

You must have a basic understanding of the company's accounting system in order to adequately conduct a verification of the facts as presented and to verify the negative. Furthermore, since all verification steps ultimately reconcile to the financial statement, you must ensure that you possess the audited financial statement applicable to the POI or POR. If two or more financial statements overlap the POI or POR, pick one period (preferably the one that covers most of the POI or POR) and focus your attention on that document when you establish a verified accounting baseline (see below). The other periods can then generally be relied upon with the same degree of satisfaction as the baseline period.

At NME verifications and particularly at production facilities, you may not be working with audited financial statements – at least in the sense that we are accustomed. While joint venture companies are likely to have financial reports that generally follow a modified GAAP, other types of companies may have no financial

reports, with most somewhere in between. Rarely will you find audited financial reports. In these instances, identify the closest equivalent – a financial, tax payment, or other accounting document on which you are satisfied the company relies as an accurate reflection of its normal record keeping. Such reports can be used to confirm other verification findings, but they should not constitute the sole source document for verifying other topics.

During the accounting review you should:

1. Ask for an explanation of the internal accounting system that describes how, when, and where the financial and sales accounting systems tie together. If verifying factors of production, look for how the production and/or inventory accounting system ties to the financial records. Given the limited time for verification, focus on the essential and relevant information for the verification.

2. Verify the financial statements submitted in the response to an audited original. If the original is not in English, confirm translations of key sections of these reports (balance sheets and profit & loss (P&L) statements) with your interpreter. If they have not been submitted in the questionnaire responses, ask for the financial statements for affiliate companies.

3. If not already submitted, obtain the general ledger's chart of accounts and sub-accounts. Identify those accounts covering sales, movement charges, and direct and indirect selling expenses. Similarly, if your verification includes data on cost of production or factors of production, you will need to identify the accounts that track the relevant production and inventory categories.

4. Using the relevant account codes noted above, locate and review the accounts in the general ledger for these items. This process gives you a clear understanding of the types of accounting detail available and whether or not additional supporting ledgers are needed. Where appropriate, identify account transactions of interest and ask the respondent to trace these to source documents. These steps give you a head start on completeness tests and tracing charges and expenses to the general ledger.

5. In some countries you may find certain financial filings with government authorities to be quite useful. For example, in Japan all publicly listed companies are required to prepare a year-end annual securities report called the "Yuka Shoken Hokokusho" for submission to the Ministry of Finance. This report, commonly called the MOF report, is submitted to the Ministry of Finance within three months of the end of each fiscal year. The MOF report contains a wealth of information and may be considered as the primary accounting source document.

C. Computer Database Review

Much of the verification material and even source documentation is maintained "on-line," particularly for large multinational companies. In some instances no hard copies of typical accounting source documents are kept. For these companies you will need to develop the integrity of the computer databases in order to rely on this source for your verification. Below are some useful tips for such verifications. Note that some of these documents may have been submitted as part of the questionnaire responses or in a separate filing prior to verification.

1. Ask to meet with the person in charge of computer operations and have this person give you a complete list of the types of computer reports generated and/or available in the ordinary course of business.

2. Review samples of these reports and select those that could be of interest during the verification. This procedure is particularly important for adding to the variety of completeness tests in that you can cross-check different types of reports against the ones proffered to you by the respondent for the completeness tests. Where necessary, ask that certain reports be produced for the POI or POR.

3. Where possible, ask that the database for the sales listing be loaded and that a programmer be available to run various sorts of that database. If appropriate, ask that certain programs be run. This procedure will give you a good idea of what is involved and how long it will take.

D. Affiliations

In their questionnaire responses, companies are required to report affiliates involved in the production or sale of the subject merchandise. Often respondents, especially large companies, will limit this reporting to affiliated companies that have a direct role in the production or sale of the subject merchandise, without having considered all of their investments and holdings. Our goal in verifying affiliations is to confirm that reported affiliations between companies through investment or interlocking board members and officers are accurate and complete. In those instances where there are affiliated companies, you must also consider that affiliate's relationships with its customers and suppliers. Verification of affiliations in large, multinational companies is much more difficult than for smaller, less complicated companies. The process can be greatly facilitated by pursuing the issue vigorously in the questionnaire and follow-up supplemental questionnaires.

1. Verification of potentially unreported affiliations means that you must first become familiar with the customers and suppliers reported in the response. The list of customers can run into the thousands; therefore, you should refer to your pre-verification data sorts (as discussed above) to determine which customers are significant. If the response data field for "customer code" uses the same coding kept in the company's internal records, then it would be helpful to also sort the customer codes in numerical order. Use the list of relevant customers and suppliers to cross-check against verified holdings and investments of the respondent.

2. Verification of company shareholders can easily be accomplished through a variety of documents. The notes to the financial report will often list all, or at least the major, shareholders. You can also verify using the "shareholders equity" section of the balance sheet. Other documents include shareholders reports, government registration documents or published security reports of public companies, such as the "Shikiho" in Japan.

3. Verification of company share holdings and investments is primarily accomplished using the asset section of the balance sheet. Asset accounts, such as "marketable securities," "investment in securities," "investment in subsidiaries and affiliates," and "loans to affiliates" should be traced through the general ledger and sub-ledgers. If percentages of investments and holdings are not observable from the ledgers, the company should be required to compute the percentage for selected investments of interest.

4. Verification of holdings and investments by reported affiliates is generally more difficult because you may not have that company's financial statement on the record or the company is distant from the verification site. In these instances, you may use the respondent's verified company data to check for sales, expenses, charges, or production activity between the two companies or you may rely on faxed copies of source documents from the distant affiliate.

5. In non-market-economy verifications, we are interested in any formal relationships with export customers as well as with government entities. However, it is often difficult to verify affiliations through the balance sheet because the concept of investment is very different than in market economies. Most affiliations would occur through interlocking owners, board members, or officers of the company.

E. Product Information

It is essential that you understand what products the company produces, where they are produced, and how individual products are accounted for in the accounting system. Begin by reviewing the scope of the investigation or review as well as the questionnaire product and product-matching characteristics that the respondents were required to report. Your verification will focus primarily on whether the respondent properly accounted for all subject merchandise and properly reported all product characteristics. Your goal is to establish a master list of subject merchandise that will become your source document during other phases of the verification, especially the completeness tests.

1. Review products produced by the respondent and its affiliates that are both inside and outside of the scope of the proceeding. Ask for a product code list covering all specific products produced by the company as well as codes for larger product groupings. Examine how this product coding system is integrated into the accounting system. This procedure will give you an understanding of what types of product-specific information is available.

2. Have the company explain how it segregated the subject merchandise from all other products produced. Where applicable, review the computer program used to identify

the subject merchandise and ensure that all r3equested product characteristics were captured. For excluded products that are similar to the subject merchandise, examine the chemical and physical specifications to ensure that they are not subject merchandise. Finally, examine the technical characteristics of the products reported as subject merchandise to ensure that the characteristic codes assigned in the response are accurate. For continuity purposes, it is useful to use the products related to the pre-selected sales for testing reported characteristics. The resultant verified list of products is your product master list.

3. Where appropriate, discuss the product matching with product specialists or engineers. This step could be important if the respondent had requested that additional product characteristics be considered in the product matching criteria or if the hierarchy of physical characteristics is an issue. Further, if you are verifying difference-in-merchandise adjustments, it helps to know which characteristics, both reported and unreported, affect the variable cost of manufacturing (VCOM) and total cost of manufacturing (COM).

4. Discuss the production process to the extent necessary for the particular investigation or review. If you feel one is necessary, it is a good idea to schedule a plant tour in the verification outline to alleviate scheduling problems that can arise during verification. However, unless you have extra time, don't feel committed to the plant tour unless you consider it necessary. In a factors-of-production verification for a NME case, a plant tour is essential and is discussed further below.

5. During a plant tour, observe the flow of the product through the production process, incoming raw materials, packaging of finished goods, shipping, etc. If you are verifying cost-related elements, identify those areas where cost differences between models may occur and consider whether the production differences appear consistent with the reported magnitude of cost differences. Note customer and supplier names that may be useful later in the verification. Feel free to talk with factory personnel, especially in packing, shipping, and inventory control. While the information they provide may not be appropriate as the primary source of verification of a topic, it may provide some "leads" for the verification.

F. Non-Market Economy Verification Plant Tours

1. Prior to taking the plant tour, review the product process thoroughly with the company. Take a copy of the production process diagram from the response (or have one provided at verification) and review it with the company's technical personnel. Identify where in the process materials are added. Repeatedly ask whether all materials used in production have been reported. Similarly, ask where all by-products, co-products, scrap, and waste are generated and whether these items undergo any further treatment or processing. If so, ensure that all factors related to these steps have been reported. Ask how the energy inputs are utilized and ensure that all forms of energy used in the process have been reported. Make appropriate notes on this diagram.

2. Take your production diagram with you on the plant tour and compare it with what you observe during the tour. Confirm that the process and inputs are as described by the company. Look carefully to see if the respondent may have omitted any inputs.

Don't hesitate to ask any questions about what you see. Feel free to talk with the personnel on the factory floor (through your interpreter, if necessary) and do not allow the company officials or counsel to coach the answers.

3. If quality or a specific type of input is an issue in the case, such as for purposes of assigning the appropriate surrogate value, use the factory tour to examine the material and how it is used. Ask about all relevant characteristics of the material and what effects different specifications have on the production process.

4. Observe how labor is utilized. As you see workers on the factory floor, ask how the company classified the skill level of the labor performed. This information will be important in determining whether the company properly reported its labor factors.

5. At the shipping and packing department (or the equivalent), note how the product is packed for export and ensure that all packing materials also have been reported properly. Observe packing labels, containers, etc. to identify further areas for verification attention, such as the factory's customers and export channels.
6. Incorporate your findings in the verification report. Your observations may well be as important as any document review.

G. Sales Process and Distribution System

Although this information is extensively reported in the response, it is often not focused on in detail prior to the preliminary determination. Review the information and ask further questions if needed. Fundamental sales process and distribution system information is needed throughout the verification, particularly where level of trade, customer category, date of sale, and other such issues are contentious.

H. Date of Sale/Sales Reporting

The final step in building the foundation of the verification is to understand the date of sale (DOS) methodology reported by the respondent and how the reported sales transactions were collected from the respondent's database. Both of these processes are key components of the completeness tests.

1. Review all documents and discuss with the respondent how the date of sale is determined in the normal course of business.

2. The Department generally uses the invoice date used in the normal course of business as the date of sale, except for long-term contract sales. This should make date of sale a less contentious issue and easier to verify. That said, you still have the responsibility to verify that the date reported is consistent with the normal practice of the company.

3. For long-term contract sales, you will still need to understand how price and quantity were negotiated and how that date may be reflected in company records. Even for those sales, you will want to know how the company records the date of sale for its own records. Always consult with your team lawyer prior to verification where complicated contracts are involved.

4. Unless there is clear evidence at verification that the respondent misrepresented its date of sale reasoning in the response or if you are concerned about the use of different DOS methodologies in the Egyptian and home market, further verification of date of sale at this point of the verification is time-consuming and impracticable. One exception is where there is a small number of sales in a particular market, and revising date of sale would have a dramatic effect. This may frequently occur with large contract orders. If you have reason to believe that the respondent's DOS methodology is not correct, collect data that supports your position. Use the sales trace segment of verification to test the respondent's methodology.

5. Once it is clear what DOS methodology was used by the respondent, you need to know the procedure used by the company to extract the POI or POR sales from its database. The actual procedure will range from manually reviewing sales and shipment records to complicated computer programming. A POI or POR that overlaps accounting periods or subject merchandise that doesn't conform to the company's record keeping will greatly complicate the process. Whatever the methodology, it forms the parameters for the first goal of the completeness test, which is to confirm that the company followed its claimed sales selection process.

6. If computer programming was used to access huge sales databases, you will first need to verify the accuracy of the program itself. Meet with the programmer and review the critical language that covers the following:

    a. All applicable databases. Use your knowledge of the accounting system and the organizational structure to ensure that all applicable databases are brought into the program.

    b. The correct POI or POR dates.

    c. The identification codes that capture the subject merchandise.

    d. The DOS methodology employed by the respondent.

    e. Any language which otherwise excludes certain products or sales.

    The company should then provide copies of all files or worksheets used in arriving at the sales transactions reported – we often ask for these worksheets in the verification outline. If you are concerned, you may ask the company to re-run the program in your presence.

VI. RECONCILIATION OF QUANTITY AND VALUE OF SALES

Reconciliation of quantity and value of sales is the transition phase between laying the foundation for and conducting the completeness tests. It also serves another very important purpose in that it "baselines" accounting ledgers and worksheets that will be used to verify many other topics. "Base lining" documents means that you have established the validity of these documents by tying them to the audited financial

statements and that other verified topics can be tied into these documents without having to go back to the general ledger. Thus, each of the documents used to reconcile the total quantity and value of reported POI or POR sales back to the financial report can be considered a source document. This exercise requires that you establish to your complete satisfaction that the tie-in to the financial statement is complete and accurate. If not, where appropriate, you should continue to reconcile verified topics back to the company's general ledger. Remember that our questionnaire requires the respondent to submit a quantity and value reconciliation on the record prior to the start of verification.

The total quantity and value of sales is simply the sum of the quantity and value of individual transactions in the response's transaction database. Thus, verification of total quantity and value is accomplished by tying selected individual sales transactions into the financial statement and by testing the ledgers and worksheets used for completeness.

Recognize that the quantity and value of sales total from the sales transaction databases may differ from the questionnaire section requesting quantity and value of sales. If they do, you should obtain an explanation. Normally you will only need to verify the questionnaire response numbers if they differ significantly or if a close decision on home market viability was based on the questionnaire response data.

Bear in mind that it is not always possible to tie sales transactions directly to the financial report using records and ledgers kept in the ordinary course of business. This situation can occur because our definition of the product, POI or POR, and date of sale often do not coincide with the company's accounting procedure. (With the date of sale being invoice date, there should be fewer problems in this regard.) Worksheets probably will be needed to bridge between accounting records and the sales databases submitted by the respondent. These worksheets should also be tested during the completeness checks.

Top-down or bottom-up? That is, should you begin verifying from the financial statement and work your way down to the response, or from the response and work your way up to the financial statement? Both approaches are acceptable; it is really up to you and how your mind best functions to decide how to proceed in tying quantity and value to the financial statement.

VII. COMPLETENESS CHECKS

Completeness is the process in which we conduct numerous tests to confirm both the accuracy and thoroughness of the information submitted by the respondent and its affiliates. The accuracy component focuses on the worksheets, records, and methodology used by the respondent to compile and support its response. The thoroughness component focuses on whether or not the worksheets, records, and assumptions made by the respondent omit any data that should have been reported. The two categories of completeness tests are as follows: 1) completeness of reported sales, and 2) completeness of charges and expenses.

A. Sales Completeness

Most important to the integrity of the response is to ensure that the respondent has reported all of the required sales transactions. Thus, all of the criteria used by the respondent in preparing the sales database, such as the date-of-sale methodology, product selection, and computer programming, must be verified for accuracy and completeness. The ways and means of accomplishing this vary from response to response and from respondent to respondent. Tying worksheets to ledgers and ledgers to audited financial statements is among the most basic forms of completeness tests and these are the tests that the respondent typically will present to you. The real challenge is finding a variety of alternative methods to come at the subject from different directions and to continually cross check these sources against each other. In a sense, completeness has no defined beginning or end. You start looking for ways to probe and scrutinize the response from the first minute of verification and don't stop until the verification is over. There is no set number of tests required; you simply conduct as many as time allows. Depending on the complexity of the response and the "comfort level" you develop with the respondent and the questionnaire response, you may conduct as few as one or two completeness tests or as many as ten. The following are samples of the types of documents and methods that can be used to conduct sales completeness tests. Bear in mind that your ability to conduct different types of completeness tests is directly related to the knowledge obtained in the earlier phases of verification. The following list enumerates various document sources:

1. Sales records kept in the ordinary course of business such as monthly sales journals. Such records may be on a company-wide basis, by sales office, by product codes, by customer, by country, etc.

2. Sales management reports, which come in a myriad of forms. (You should have identified these reports in the computer database review for those companies that rely on computerized records.)

3. Hard copies of commercial invoices, preferably in sequential order. In some countries, such as Taiwan, the companies are also required to use and retain invoices issued on government forms (e.g., "GUI" or government uniform invoices).

4. Sales order or confirmation logs.

5. Customer correspondence files.

6. Shipping logs and reports that show shipments from the factory, including bills of lading and airfreight bills files.

7. Export licenses, where applicable.

8. Quality control records and certificates of inspection.

9. Inventory records for finished goods. Select shipments of finished goods for tracking back to purchase orders. Such records are also useful for ensuring that all product codes of subject merchandise were reported.

10. Production records are equally useful as inventory records.

11. Payment records, such as letters of credit, promissory notes and credit insurance policies. A review of files containing these documents may provide leads on sales to specific markets and customers.

12. Expense ledgers for ocean and airfreight, bank charges, commissions, brokerage and handling, etc., can be used not only for completeness of these charges and expenses but also to trace back to commercial invoices.

13. Duty drawback records of export shipments.

14. Credit and debit memo journals. These records must be reviewed to determine if there were canceled or revised sales or additional debits or credits on sales.

15. Customer or product files and records maintained in other offices, such as engineering, R&D, or at the factory, which refer to customers and orders.

16. Making phone calls to salesmen and branch sales offices asking about customers, orders, or the existence of certain types of other information that could be used in checking completeness.

In conducting completeness checks using the types of records cited above, we typically select a number of transactions from the selected file, and ask the respondent to identify whether or not the transaction is included in the response and, if not, why. We also ask to see the original sales documents, such as invoices, and documentation to support the respondent's exclusion of the information from the response if the sale or other information is not part of the response. In assigning transactions to be traced, be sure to keep your own record of "starting point" documents, such as invoice or purchase order numbers selected.

The task of conducting completeness tests can be greatly facilitated if you identify the document and items of interest and have the respondent's staff prepare the completeness worksheets and supporting source documents.

Note that in the case of NME respondents completeness checks are also useful in verifying the extent of state control with regard to a "separate rates" claim. As you review the types of files described above for checking sales completeness, also look for any evidence of government involvement or coordination in sales transactions. Using your interpreter, look for endorsements, certifications, approvals, etc., in the documents reviewed. Follow up with the respondent any such items you identify.

B. Completeness of Charges and Expenses

Let the concept of "risk analysis" be your guide in determining which charge or expense you should pursue for completeness. Consider the examples noted above as possibilities for charge and expense completeness. However, the most efficient approach is to start with the chart of accounts and identify expense accounts of interest. Follow up by examining supporting sub-ledger accounts or account activity reports that reveal enough detail to allow you to select specific entries. Again, you may use the respondent's staff to compile the results and supporting documents.

Check the results to ensure that these expenses were appropriately accounted for in the response.

VIII. TRACING SALES

A. Transaction Data

The purpose of the sales trace verification is to verify the factual information reported for the pre-selected sales identified in the outline, as well as those sales identified during verification. This sales trace is a two-part process in which you first trace a sale through the customer records from the initial inquiry/order to payment by the customer. In the second part of the sales trace, charges and adjustments that represent the actual charges and adjustments for that sale are examined and verified.

You should begin the sales trace with a relatively uncomplicated sale. During the sales trace you should be able to verify the following basic sales transaction data:

- Sale date
- Shipment date
- Invoice date (if different from sale date)
- Payment date
- Product code reporting
- Quantity sold
- Unit price
- Some price adjustments, such as on-invoice discounts

If certain charges and adjustments (typically credit days, rebates, discounts, commissions) are the actual expenses (rather than allocations) for that sale, then those items should also be verified in that sales trace. Otherwise, charges and adjustments should not be included in the sales trace but should be verified as separate, stand-alone topics.

B. Verification Procedures

1. For the first sale, take as an exhibit copies of all documents which support each element of the sale. Make sure that appropriate sections of these documents are translated, as these translations will serve as a source of reference later on during verification of other sales traces. Be sure to link the documents in that exhibit to one another and take ample notes on the documents if you need them.

2. You should be able to rely on the foundation and baselining established earlier in the verification process to verify the sales details relatively quickly. For example, your quantity and value examination and completeness checks should have provided you with a working knowledge of the sales and accounting documents included in the sales package.

3. As you verify each detail of a particular sale, check off the item on the sales trace printout. Where something doesn't check out or contains significant new findings, note the discrepancy and take copies of supporting documents.

4. For each sale verified after the first sale, you do not need to take copies of all documents as exhibits, except where they support an unusual sales detail or finding. For those sales for which you do take copies for exhibits, include copies of key documents such as order confirmations, contracts, invoices, and bills of lading.

5. Depending on how much time you have at verification and how much energy you have for verification work in the evening, you may want to consider taking some of the sales trace packages to review in the evening. In this way you are able to confirm the transaction data reported and study the sales documents for in-depth follow-up questions the next day. This practice allows you to concentrate your verification time with company officials on items that require more of their attention than simply checking off data entries on the sales transaction printout. Some verifiers have found this procedure useful for verifications in Egypt which generally last three days or less, and where all documents are in English. Overseas, you should not rely on reviewing the sales in your hotel unless you are sure you will be able to understand the sales documents on your own, without an interpreter or company official to guide you. Thus, this procedure is best used after having reviewed at least the first sales trace in each market during the verification session.

C. Sales Trace Source Documents

1.Typical sales trace source documents include:

- Customer contracts and purchase orders
- Order confirmations and/or *proforma* invoices
- Customer correspondence files
- Purchase order logs or pending shipment files
- Production control records
- Invoice to customer
- Shipping documents, such as bills of lading, airway bills, and delivery receipts
- Factory shipping logs
- Inventory records
- "Base lined" internal sales reports and worksheets
- Sales ledgers
- Accounts receivable records
- Records of payment, such as canceled checks, letters of credit, debit/credit memos, promissory notes, bank deposit slips and/or bank statements
- Credit insurance
- Debit/credit memos for post-sale price and/or quantity increases or decreases
- Invoices, expense ledgers, journal entry slips and records of payment for actual charges and adjustments

D. Sales Traces for NME Transactions

The sales trace is a major opportunity to verify the *de facto* separate rates criteria. Review carefully each document for any indication of State involvement or coordination. Discuss with the exporter how the sale was negotiated and how price was set. Examine sales documentation for any indication of sale approval or coordination from outside the company. Trace the payment of the sale from the customer to the bank and the company financial records—was the respondent able to keep all of the proceeds of the sale? If not, determine what happened to the rest of the payment.

IX. VERIFICATION OF REMAINING CHARGES AND ADJUSTMENTS

Charges and adjustments that have been reported on an aggregate (not sale-specific) basis and which have been allocated to reported sales are verified as separate, stand-alone topics. Examples of such stand-alone charges and adjustments typically include interest rates, inventory carrying costs, advertising, freight, and packing.

A. Allocations of Expenses

Has the respondent described the calculation and presented the supporting documents it has prepared in accordance with the instructions in the verification outline? Remember that you must first verify the data as presented in the response. Afterwards, you should pursue any concerns you may have with the methodology in the calculation.

1. Collect sufficient information on circumstance-of-sale adjustments to determine whether the expense is properly categorized as a direct or indirect selling expense.

2. Whenever verifying an allocation methodology, be sure that you are verifying back to base-lined or source documents and the financial accounting system, rather than simply back to a worksheet. Worksheets are useful, but they are not, in themselves, source documents.

3. Take verification exhibits that support your findings. Your exhibits may include the following source documents:

    - Sample calculations
    - Allocation worksheets
    - Invoices to the respondent
    - Expense ledger entries
    - Journal entry slips
    - Records of payment
    - Accounts receivable and payable ledgers
    - General ledger entries
    - Other ledgers and records, which may be used to support such items as calculation of credit days, interest rates, inventory carrying time, duty drawbacks

X. NME FACTORS OF PRODUCTION VERIFICATIONS

In NME proceedings you will be verifying the reported factors of production, which form the basis of the normal value calculation. The techniques used to verify this response are generally applicable to the factors verification as well. Keep these techniques in mind while covering the specific items to be verified in a factors verification. Ideally you should have conducted the plant tour before beginning the verification of the reported consumption factors so that you are able to compare what you have seen in the production process with the documents you review.

A. Production Quantity

In most cases the respondent has reported its consumption factors as the product of material consumed divided by subject merchandise during the period. Therefore, you should first verify the production quantity – the denominator in most or all of the respondent's calculations – before the specific factors. As you would with a sales quantity verification, use financial statements, production records, and/or inventory ledgers to verify the production amount.

Make sure that the production quantity you are verifying refers to the product as sold. In some cases a producer will maintain its production records based on a standard that may be different from the product that is actually sold. For example, a chemical producer may sell its product at a 90% concentration level, but maintains its records on a 100% concentration level standard. Where such differences exist, make sure that all reported factors are appropriately and consistently adjusted, and discuss any inconsistencies in your report. Similarly, as you examine both production and factor inputs, be sure that the respondent has reported, and that you are verifying, actual, not standard, production figures. If production yield is relevant in the case, you will also verify the net yield in this step.

B. Material Inputs

Materials consumed are often verified as the numerator in the respondent's factor calculation. Typically the respondent has compiled the data from monthly production records, and summed the monthly figures to arrive at a consumption figure for the POI or POR that is divided by the POI or POR production total. If you have successfully verified the production denominator, all you need do is verify the numerator and check the math. A common technique is to test the material consumption figure by examining in detail the records from one or more months of the POI or POR. Source documents for such testing may include:

- Production records
- Production line records
- Material purchase receipts
- Freight invoices
- Material inventory subsidiary ledgers
- Inventory in/out tickets
- Plant workshop statistics

- Daily production/consumption reports

As with sales verifications, you are always conducting completeness checks. Instead of sales completeness, you are checking for factor completeness – has the respondent reported all materials consumed? Are by-products, co-products, scrap, and/or waste properly accounted for? Use the knowledge gained from the plant tour and, if you visited the petitioner's plant, the Egyptian producer to constantly test the questionnaire response.

Materials purchased from market-economy countries and paid for in market-economy currencies may be valued at the actual purchase price or at a weighted-average price if there are multiple purchases. Use invoices, purchase orders, inventory records, etc., to verify price, quantity, and consumption during the period. Always consider the following:

1. Be wary of price quotes used to claim a market-economy purchase – such quotes may have been obtained solely for the purpose of an anti-dumping proceeding and may not reflect actual purchases or significant consumption by the company over time.

2. Note the terms of sale to determine whether or not freight from the supplier to the factory is included in the purchase price.

3. Check whether the factory purchased the material from a trading company and paid for the material in the NME currency. We may not be able to accept the market-economy price for valuation if the factory itself did not pay for the material in the market-economy currency.

C. Labor Inputs

Factor responses report labor based on the time expended to manufacture a unit of the product and the skill level of the workers. The respondent's labor accounting, however, will normally not track labor in the same manner. Your verification of this labor input will depend on how the respondent's records are kept and how it applied this information in the response.

In some cases the respondent will base its reporting on attendance and personnel records, counting the number of person-hours, by classification, attributable to producing the merchandise over the period, and dividing that total by the production total. For this verification, a review and sampling of those records is called for. In other cases the respondent may use a standard formula tied to production results or to production studies. In those instances you will need to test the reasonableness of the respondent's methodology. How to test will depend on the unique circumstances of the company, of the production process, and the available records. As one example, you may consider observing workers and timing how long it takes to perform a task, and comparing sample times to the standards established by the respondent.

Classifying labor as skilled, semi-skilled, or unskilled may be simply a respondent's judgment call, based on job title, or tied to wage rates at the company. In the first case, question the respondent regarding the basis of its judgment, and compare the

reply to the labor observations from your plant tour. In the second case, we should not rely on the respondent's job title classification alone; question the respondent and consider your factory tour observations as well. In the last case, while we are not concerned with the actual wages paid in a NME case, the relative differences in the pay structure may be a good indication of the skill level demanded of a worker.

Another classification issue may be direct versus indirect labor. The extent to which this topic is an issue will be related to surrogate valuation. For example, if the surrogate value for factory overhead applied at the preliminary determination stage includes indirect labor, based on the "risk analysis" concept described previously, you will want to ensure that the respondent properly accounted for all direct labor, which is separately calculated, and did not include some direct labor in its indirect labor classification, thus reducing normal value. Question the respondent about its direct/indirect labor classification and, again, use what you learned from the factory tour. For example, if the respondent classified quality control labor as indirect labor but you observed quality control workers performing their tasks as part of the production line flow, you will want to discuss the classification with the respondent and include your findings in the verification report.

D. Energy Inputs

Energy inputs such as coal and fuel oil may be verified in the same manner as material inputs. Other energy sources such as natural gas and electricity are usually measured differently. From your factory tour and production process discussion, you should have learned how the company measures its consumption. In many cases meters measure electricity and gas usage, and meter reading records are main source documents. During the factory tour you may want to see where some of the meters are located so that you can see what production energy is being measured. In other cases these energy sources may be provided from the equivalent of a utility company and the utility's invoices are then used as the source documents.

In some cases the respondent may have reported energy consumption based on its payments to utility companies. Determine if there is a time lag between actual usage and payment. If is, verify the actual usage during the POI or POR by factoring in the lag time.

Normally we do not include steam as a factor but rather the energy used to generate steam. Be sure you understand the respondent's methodology for calculating the per-unit energy consumption used to generate the steam.

You should always check to ensure that all energy factors have been reported. Some commonly overlooked areas include:

- All energy sources used to produce the merchandise, not just the principal production line or machines
- Energy used to process by-products, co-products, scrap, and waste loss
- Energy lost in transmission, such as steam lost due to leaks
- Energy for environmental cleanup (if part of the production process)

Other energy consumed may be part of factory overhead, such as factory lighting. Keep in mind the potential surrogate values for factory overhead in the case. Where you are not sure whether a particular energy factor is part of direct production or factory overhead, describe the facts in your report and collect the information you need for further considering the issue after verification.

Water may or may not be measured separately as a distinct consumption factor. In some previous cases the surrogate values selected for factory overhead have been analyzed and found to include water factors typically used by most production companies. Exceptions may include specially processed water, such as highly purified or distilled water. If water consumption is an issue in your case, you will want to understand and report the source of water and the level of treatment or processing.

F. Other Inputs

1. As we often need to value the transportation cost of bringing material and certain energy inputs from a supplier to the factory, we will verify the distance between the supplier and the factory and the mode of transportation. This topic is normally a minor issue and therefore not much time should be spent on it.

   To confirm the respondent's reporting, we examine such documents as maps, bills of lading, trucking company and railway invoices, rate schedules, and inventory records. If multiple suppliers and/or transportation modes are involved, you will also need to test the respondent's averaging methodology.

2. Normally we do not need to verify specific factory overhead items, as the factory overhead surrogate value covers such factors. However, whether or not a given factor should be included as a direct production factor or part of factory overhead may be an issue in the case. Use the verification to gain a better understanding of the input and how its use may correspond to the surrogate value information you have developed. Observe any potential differences between the surrogate value overhead items and those at the factory, in case these differences become an issue for the valuation in the final determination.

XI. VERIFICATION REPORTS

As noted above, the verification outline itself is the starting point for your verification report. The items listed for verification become the description of the procedures you used for verification. Below each item you fill in the results. In general, if an item checks out, all that may be necessary to report is that you observed no discrepancies or that the item was consistent with the questionnaire response. Obviously, where your findings differ in any way from the questionnaire response, you will need to provide an explanation. Ask a senior analyst or your supervisor for sample verification reports to use as a guide.

Bear in mind that the verification report is the place to report on the accuracy of the questionnaire response (both submitted and omitted information). The report is not an analytical decision memorandum, and you must avoid drawing conclusions about the use or application of data from the questionnaire response.

If possible, try to write, at least partially, during the verification or in the evening after each day's verification. As a general rule, what takes you one hour to write within 48 hours of verifying a particular topic will take approximately three hours to write a week or two later back at the office. Verifications proceed at a hectic pace, requiring you to absorb vast amounts of material, so writing (or typing, as the case may be) each item as you go along, or soon afterwards, gives you the opportunity to ensure that you fully understand what you just verified. Furthermore, writing the report frequently generates new questions and clarifications, which you are then able to pursue immediately or the next day.

If you use data packages, you may want to keep your notes and exhibits together with the data packages. If you are unable to write in the evenings and your verification is scheduled to last more than a business week or you are doing back-to-back verifications, discuss with your supervisor the possibility of adding an off-day in the middle of verification for working on the report.

A. Report Writing Tips

1. Include a list of major findings at the beginning of your report.

2. If you did not verify a topic due to your time and issue priorities, state in the report that: "This topic was not selected for verification examination." If, however, you were unable to cover a major topic due to respondent's actions at verification, such as lack of preparation or refusal to permit examination of certain records, document the incident in your report.

3. Well-written reports ultimately may be the difference between winning and losing in court if the Department is sued on an issue tied to verification findings. Similarly, a well-written report permits all parties (petitioners, respondents, Department managers, and, surprisingly, yourself), to have a clear understanding of the facts when the time comes in the final determination to conclude the analyses and address the issues.

4. You may find the following ideas helpful in constructing a well-written report:

   a. Remember your reader

   - Be sure that your report addresses pertinent points the petitioner and your team have raised, or that are likely to be raised, as issues
   - Your writing style should assume the reader is familiar with the case in general, but you may need to explain further some

details of complicated items where the verification outline does not provide enough information to fully explain the topic

b. Keep your narrative clear

- Put lists, charts, etc. in appendices, including the list of participants
- Do not, however, bury pertinent facts in the report by simply referring the reader to an exhibit. For example, if the terms and conditions of a sales contract are a relevant issue, identify the key terms of the contract in the text of the report, instead of directing the reader to the appropriate exhibit without any further discussion
- Use codes, key words and abbreviations to refer to long or awkward terms, such as certain sales ("HM1" or "EG1") or confidential information ("Form A", "HM1 Customer", "Rebate Type 2", etc.)

c. Say what you saw, not what you thought you saw

- The verification report must be an accurate and credible description of what was verified. Therefore, when you write that an item checked out, it should be because you are thoroughly satisfied with the verification results. Do not allow yourself to jump to conclusions or be led to accept an item as verified unless you are satisfied with it
- Don't make assumptions in your verification or your report unless they are adequately supported and logical
- If you are not completely satisfied with a verification item and you have pursued it as far as possible at verification, describe in your report any reservations you have about the verification of that item

d. Stick to the subject

- Avoid including extraneous details and irrelevant facts

e. Write public

- In order to make the public version of the verification report as understandable as possible, use confidential information sparingly
- Provide enough information in a public version to create as useful a public summary as possible (e.g.: $[2.90] per kg. – the unit and currency appear in the public version, so only the figure itself is excised)
- If possible, do not use customer or supplier names in your report. These details are usually unnecessary and including them may force you to prepare 2 versions of your report –

Business Confidential and Public. Normally it is sufficient to refer to "the customer" or "the transportation company" rather than naming them

- Respect legitimate requests for confidential treatment from the respondent, but, if you have reason to doubt the appropriateness of the request, discuss it with the respondent and its counsel

f. Good grammar and proper form count

- Be sure to check spelling, grammar, diction, etc. in your report. Do not rely solely on computer aids such as spell check programs.
- Check the continuity of your report – are all loose ends tied up? Have you left something unexplained? Does your report make sense? Does the report flow well?
- Have someone on your team who was not at verification read through your draft report to check for the above items

B. From Draft Report to Final Report

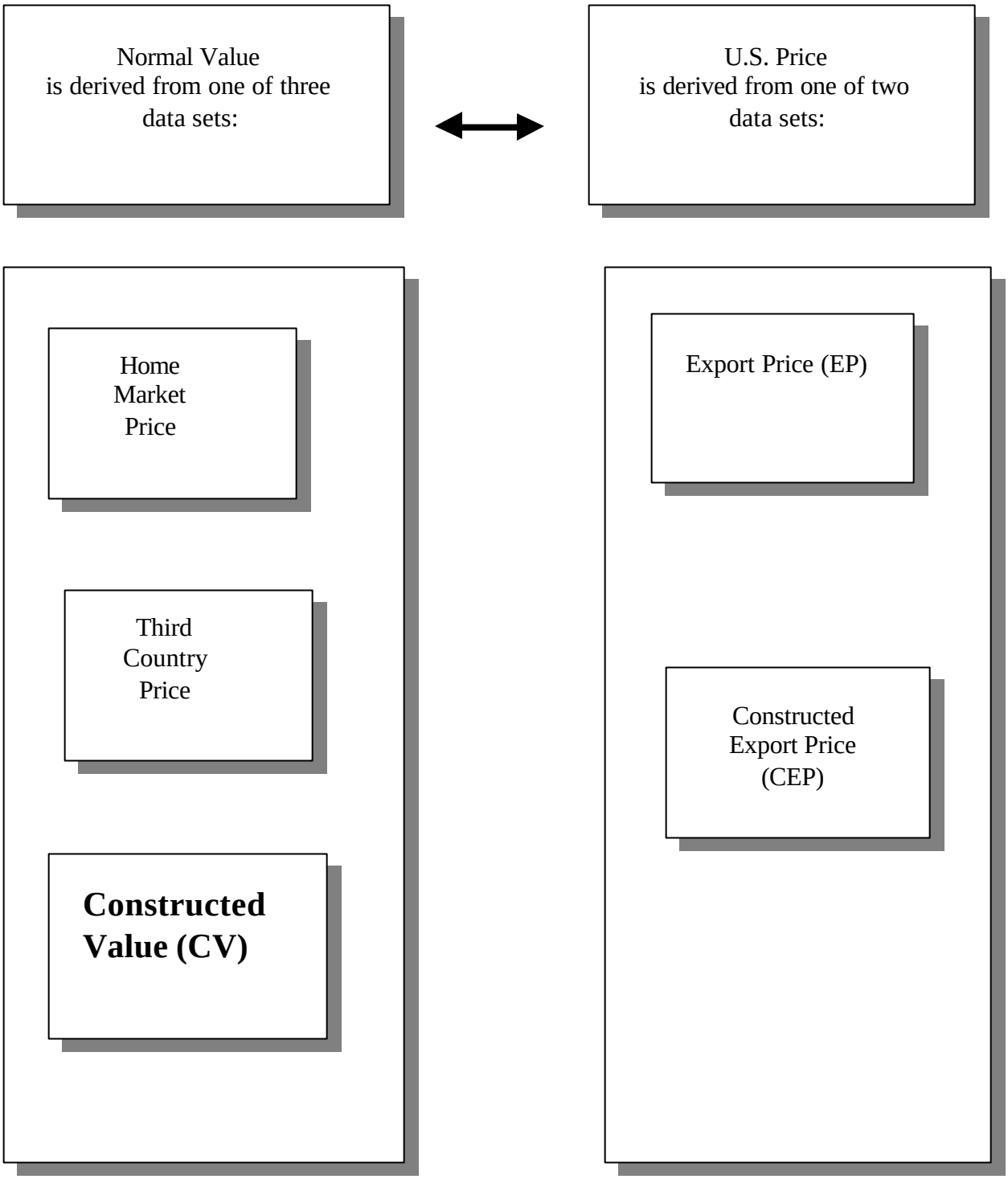
The text of your report is "final" when it is approved by your supervisor. However, the report is not ready for release to all appropriate parties until the respondent or its counsel has the opportunity to review the report for the purpose of requesting proprietary treatment for any additional material. Allow the respondent a full business day to comment on proprietary treatment. After the respondent has had that opportunity and you have incorporated any changes in the proprietary treatment of report information, the report is ready to be placed on the record.

- Following the suggestions above, try to make as much of the report "public" as possible. Treat as proprietary (that is, place between brackets) only those information items for which proprietary treatment has been requested previously in the questionnaire response or which you are certain are entitled to proprietary treatment. If in doubt, do not treat the information as proprietary – you can be sure that if the respondent believes it should be proprietary it will let you know, while it is less likely to advise you if information does not require proprietary treatment.
- Typically counsel for the respondent will telephone or fax you with additional items it believes require proprietary treatment. Review the items with counsel if you question this treatment. While legitimate requests should be granted, not all items identified by counsel or the respondent are eligible for such treatment and the request may be rejected.
- Counsel or respondent's comments must be limited to proprietary treatment only. This opportunity is not a forum for requests to change or "correct" the substance of the report.

Anti-Dumping Manual (Chapter 6)

FAIR VALUE COMPARISONS

The Antidumping Calculus: Comparing Normal Value to U.S. Price

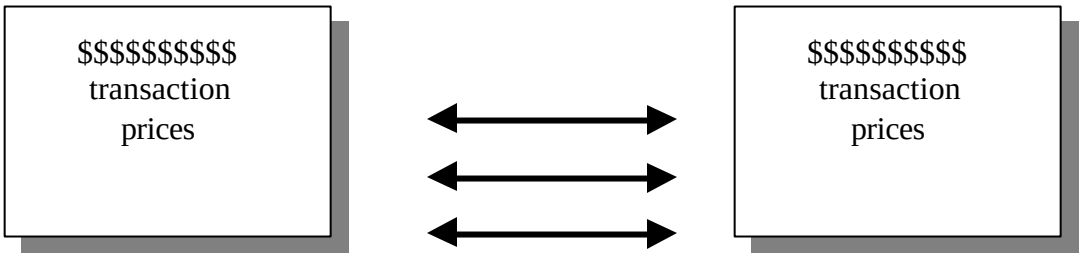


January 22, 1998

FAIR VALUE COMPARISONS

Possible Methods for AD calculations: Weighted Average Price to Weighted Average Price

Comparing Individual Transaction to Individual Transaction



Weighted Average
Price to individual Transaction Prices

January 22, 1998

FAIR VALUE COMPARISONS

August 2000

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LIST OF ACRONYMS & ABBREVIATIONS

CEP	CONSTRUCTED EXPORT PRICE
COP	COST OF PRODUCTION
CV	CONSTRUCTED VALUE
DOC	U.S. DEPARTMENT OF COMMERCE
EP	EXPORT PRICE
FA	FACTS AVAILABLE
FV	FAIR VALUE
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE
HTS	HARMONIZED TARIFF SCHEDULE
NV	NORMAL VALUE
POI	PERIOD OF INVESTIGATION
POR	PERIOD OF REVIEW
PUDD	POTENTIAL UNCOLLECTIBLE DUMPING DUTIES

FAIR VALUE COMPARISONS

References:
Law No. 161 for 1998, Concerning the Protection of National Economy From the Effects of Injurious Practices in International Trade

Regulation of Law No. 161/1998
- Article 27 – Best information available
- Article 32 – Export price, normal value
- Article 33 – Export price, affiliated parties
- Article 34 – Constructed value, cost of production
- Article 35 – Best information available
- Article 36 – Margin of dumping
- Article 37 – Exporter-specific margins, highest margin for unknown or non-cooperative exporters

Antidumping Agreement
- Article 2 – Determination of dumping
- Article 6.8, Annex II – Best information available

INTRODUCTION

The Egyptian anti-dumping duty law is designed to counter injurious international price discrimination, commonly referred to as "dumping." Only when the Department determines that there are sales at less than fair value (SLFV), accompanied by a determination of material injury or threat of material injury to a domestic industry, can anti-dumping duties be levied. SLFV most often occur when a foreign firm sells merchandise in the Egyptian market at a price lower than the price it charges for a comparable product sold in its domestic market. Under certain circumstances SLFV may also be identified by comparing the foreign firm's Egyptian sales price to the price it charges in other export markets or to the firm's cost of producing the merchandise, taking into account the selling, general, and administrative expenses, and profit. This latter basis for comparison is known as constructed value (CV). Finally, where the producer is located in a non-market-economy country (NME), a comparison is made between Egyptian prices and a "surrogate" normal value (NV). The difference between a company's Egyptian sales price and the NV is called the dumping "margin", which is expressed as a percentage of the Egyptian sales price.

In learning what dumping is, it is also important to understand what dumping is not. For example, dumping is not the sale of foreign merchandise in Egypt at a price less than the price charged by Egyptian producers of the same merchandise. In a dumping case the fact that foreign producers sell their products at lower prices in the Egyptian market than Egyptian producers becomes relevant only in the context of the determination of whether dumped imports have materially injured Egyptian industry.

Also, many people tend to confuse dumped and subsidized import competition, mistakenly seeing them as a single phenomenon. The two are, in fact, distinct, one involving the pricing behavior of individual firms, the other stemming from the decisions of governments to provide preferential assistance to exporters or specific industries. While a foreign government's decision to provide export

subsidies or to protect its domestic market may create conditions conducive to dumping, a finding of dumping will ultimately turn solely on the pricing decisions of the firm in the two markets. Other Egyptian trade laws, such as the countervailing duty law, are available to address more directly the trade-distortive actions of foreign governments.

OVERVIEW OF EXPORT PRICE, CONSTRUCTED EXPORT PRICE, AND NORMAL VALUE

To determine whether SLFV exist in an investigation or an administrative review, an EP or CEP is compared to a NV. The dumping margin is the amount by which the NV exceeds the EP or CEP of the subject merchandise.

A. Determining Which Egyptian Sales Transaction to Examine: EP vs. CEP

A transaction is classified as export price (EP) if the sale to the first unaffiliated purchaser in Egypt, or to an unaffiliated purchaser for export to Egypt, is made by the overseas producer or exporter prior to the date of importation. A simple example would be when an Egyptian company decides to distribute a foreign product in Egypt and contacts the overseas producer or an exporter directly to set up the deal in terms of price, quantity, delivery, etc. If, before or after the time of importation, the sale to the first unaffiliated person is made by (or for the account of) the producer or exporter or by a seller in Egypt who is affiliated with the producer or exporter, an export price must be constructed (CEP). This typically is the price charged by an Egyptian subsidiary of the foreign producer/exporter to the first unaffiliated Egyptian buyer less expenses incurred in selling the product in Egypt and Egyptian profit.

B. Determining the Basis for Normal Value: Home Market, Third Country, or Constructed Value

Finally, NV is based either on the prices at which the foreign like product is first sold for consumption in the exporting country, or to a third country if the home market is not "viable," *i.e.*, not sufficiently large or it is otherwise unusable as a comparison market. NV may also be based on Constructed Value (CV), using cost data (rather than price data), if there are no viable markets or if all of the foreign market sales are found to be at prices that are less than the cost of production (COP).

In non-market-economy (NME) cases NV is based upon a CV of sorts. Each NME respondent reports to the Department the quantities of direct materials and labor used to manufacture the subject merchandise, and the Department values these inputs using prices prevailing in a suitable market-economy ("surrogate") country. To this derived cost of direct material and labor, the Department adds surrogate-country amounts for factory overhead, selling and general and administrative expenses, packing, and profit, resulting in a "constructed value" for the subject merchandise.

II. OVERVIEW OF ADJUSTMENTS

In order to achieve an "apples-to-apples" price comparison, various adjustments are made to calculate NV (see *Normal Value* paper). The need for adjustments arises because there are often physical differences between the merchandise exported to

Egypt and the merchandise sold in the exporting country or third-country markets, and differences in the circumstances under which the merchandise is sold. Therefore, to make certain that our comparisons are not distorted by factors extraneous to the central issue of price discrimination between markets, we adjust the "starting" prices to account for any differences in the prices resulting from verified differences in physical characteristics, quantities sold, levels of trade, circumstances of sale, applicable taxes and duties, and packing and delivery costs. Because the CEP must be constructed from a later resale of the merchandise in Egypt, there are deductions that must be made, but which are not made in calculating EP (see paper on *Export Price and Constructed Export Price*).

III. OVERVIEW OF CALCULATIONS OF MARGINS

To calculate a dumping margin in an investigation, we must determine what sets of data will be compared, and how the comparison will be made. The following illustration presents three possible methods for comparing NV to EP/CEP.

C. Calculation of Margins for Egyptian Sales for Investigations and Administrative Reviews

The period of an investigation (POI) typically covers the four most recently completed fiscal quarters or, in an investigation involving merchandise imported from an NME country, normally the two most recently completed quarters as of the month preceding the month in which the petition was filed.

We normally compare the weighted-average EP or CEP to the weighted-average NV for a comparable product sold during the POI. We may also establish dumping margins by comparing NV and EP or CEP on a transaction-to-transaction basis. This is normally done only for large capital goods made to order, such as transformers. The differences between these custom-made products render average prices meaningless. Lastly, where these comparisons are inappropriate, we may compare a weighted-average NV to individual export sales transactions, provided that there is a pattern of prices that differs significantly and we are convinced that a weighted-average-to-weighted-average or transaction-to-transaction comparison is not appropriate.

For administrative reviews the Department will generally base NV for the period of review (POR) on monthly weighted-average prices and will compare them to individual EPs or CEPs. Where no sales of the like product are made in the exporting country in the month of the Egyptian sale, the Department will attempt to find a weighted-average monthly price one month prior, then two months prior, and then three months prior, to the month of the Egyptian sale. If unsuccessful, we will then look one month after and finally two months after the month of the Egyptian sale. This practice is commonly referred to as the 90-60-day guideline. If no months with sales in the foreign market exist in this window, NV is CV.

In certain instances the Department may use a shorter period than the whole POI to determine weighted-average NVs. See your supervisor if this is an issue in your case.

For Egyptian sales where dumping is occurring (*i.e.*, the adjusted weighted-average NV exceeds the adjusted weighted-average EP or CEP under our preferred method of comparison), the differences in the two prices are the dumping margins. In an investigation we need only to calculate a single weighted-average dumping margin for each exporter/producer, which, if there is a preliminary determination and there are provisional measures, will be used for bonding or cash deposit purposes until there is an administrative review. Accordingly, for each foreign producer/exporter in an investigation, the unit margins are multiplied by the number of units sold in Egypt on a transaction-specific basis; these amounts are then summed and divided by the total value of the firm's Egyptian sales to arrive at a weighted-average margin. For an administrative review, margins for EP sales are usually established for each individual Egyptian importer because an exporter/producer may have dumped at different rates to different unaffiliated importers.

For administrative reviews of CEP sales, a single weighted-average margin is calculated for all CEP transactions during the POR. Individual, unaffiliated Egyptian buyer margins are not calculated for CEP transactions. Normally, there are many (sometimes hundreds or thousands) of Egyptian sales made during a POI or POR. In the simplified example shown below for an investigation and an administrative review, there are only two Egyptian sales during the POI and POR, one EP sale involving 9,773 units at $1.36/unit and one CEP sale involving 10,000 units at $1.27/unit.

A-xxx-xxx
Review
Public
Document

NAME
ADDRESS

Dear Sir or Madam:

I am writing to you on behalf of Import Administration, a unit of the United States Department of Commerce. On **[insert date]**, we initiated an administrative review of the antidumping duty order on **[insert product name]** in order to determine whether merchandise imported into the United States that you are believed to produce and/or export is being sold at dumped prices. Dumping occurs when imported merchandise is sold in, or for export to, the United States at less than the normal value of the merchandise; *i.e.*, the United States price is less than the price at which identical or similar merchandise is sold in a foreign market (usually the home market of the producer and/or exporter merchandise), or less than the constructed value of the merchandise. The product covered by this review is **[insert short name of product]** from **[insert country]**. We are examining sales, entries or shipments during the period **[insert period of review dates]**. We initiated the review based on a request filed by **[insert name(s); if request filed by petitioners, also insert:** "on behalf of the United States industry producing the merchandise under review."**]**

We are soliciting the information requested in the enclosed questionnaire to determine whether subject merchandise that you produced and/or exported was in fact sold in, or to, the United States at dumped prices. General instructions for responding to the questionnaire follow immediately after the table of contents. We have divided the questionnaire itself into five sections, A through E, and attached supplemental information, including a glossary of terms, in Appendices I through V.

All parties are requested to respond to sections A (General Information), B (Sales in the Home Market or to Third Countries), and C (Sales to the United States). If, after examining sections A and C of the questionnaire, you conclude that your company and its affiliates did not have any U.S. sales or shipments during the review period identified above, please submit a statement to that effect, following the data submission requirements specified in the general instructions. If you do not submit such a statement for the administrative record in this case, we may conclude that your company has not been responsive to this questionnaire and may proceed on the basis of the facts otherwise available, as defined in the glossary at Appendix I of the attached questionnaire.

[Use these sentences if we <u>disregarded</u> any below-cost sales in the most recently completed review or investigation of this company: We have initiated a cost of production inquiry in this case, and you are requested to respond at this time to Section D of the questionnaire.**] [Use these sentences if a cost of production inquiry has not been initiated:** You are not currently required to respond to section D (Cost of Production/Constructed Value). However, if the petitioner alleges that your sales in the home or third country market are at prices below the cost of

production, we may request that you respond to section D at a later date. Additionally, you are requested to respond to the constructed value portion of section D with respect to products or models sold in the United States for which you had no sales of comparable merchandise in the home or third country market. If you believe that you might need to respond to section D, please contact the official in charge noted on the cover sheet to the questionnaire.**]**

If any of the products covered by this review underwent additional processing in the United States before they were delivered to customers unaffiliated with your company, you are in general required to respond to section E (Cost of Further Manufacturing or Assembly Performed in the United States). However, if you believe the value added in the United States exceeds substantially the value of the merchandise imported into the United States (*i.e.*, the value added in the United States represents at least 65 percent of the price of the merchandise charged to the first customers unaffiliated with your company), please contact the official in charge in writing immediately.

Please refer to the cover page and general instructions of the enclosed questionnaire for the time period covered by this review, the due dates for responding to the questionnaire, and the instructions for filing the response. Remember that delivery of electronic media is to be made only to the Central Records Unit, Room 1870 of the main Commerce building. Also, please keep in mind that questionnaire responses must be received by the Central Records Unit before 5 p.m. on the day of the applicable deadline. If you have any questions about these or any other matters, please contact the official in charge.

If you are unable to respond to this questionnaire within the specified time limits, you must formally request an extension of time in writing before the due date. We will attempt to accommodate any difficulties that you encounter in answering this questionnaire. However, that accommodation cannot conflict with our obligation to conduct the review within the deadlines and informational requirements established by United States law.

Sincerely,

XXXXXX

UNITED STATES DEPARTMENT OF COMMERCE
IMPORT ADMINISTRATION
OFFICE OF ANTIDUMPING AND COUNTERVAILING DUTY ENFORCEMENT

REQUEST FOR INFORMATION

***(NAME of RESPONDENT*)**
(COUNTRY)
(PRODUCT)

PERIOD OF REVIEW: (*period*)

RESPONSE DUE DATE: (*specify by section*)

OFFICIAL IN CHARGE:

For Department use only. This box should be deleted before sending the questionnaire to respondents. *List two names here, the program manager and the lead analyst.*

PHONE:	(202) 482-	**PHONE:**	(202) 482-
FAX:	(202) 482-	**FAX:**	(202) 482-
INTERNET:		**INTERNET:**	

Return the Questionnaire Response to:

Office of AD/CVD Enforcement
Import Administration
U.S. Department of Commerce
Fourteenth Street and Constitution Avenue, N.W.
Room 1870
Washington, D.C. 20230

Import Administration Website: http://www.ita.doc.gov/import_admin/records/

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General Instructions

Section A Organization, Accounting Practices, Markets and Merchandise

Section B Sales in the Home Market or to a Third Country

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Section D Cost of Production and Constructed Value

Section E Cost of Further Manufacture or Assembly Performed in the United States

Appendix I Glossary of Terms

Appendix II Instructions for Computer Tapes and Diskettes

Appendix III Description of Products Under Review

Appendix IV Forms for Company Official Certification and Certificate of Service

Appendix V Case-Specific Questions and Modifications, Including Matching Criteria

GENERAL INSTRUCTIONS

This questionnaire requests information to enable the United States Department of Commerce (the "Department") to determine whether your company dumped the **subject merchandise** in the United States.[3] **Dumping** is the sale of merchandise to the United States at prices below the **normal value** of the merchandise. If you have questions, we urge you to consult with the **official in charge** named on the cover page. If for any reason you do not believe that you can complete the response to the questionnaire by the date specified on the cover page of this questionnaire, or in the form requested, you should contact the official in charge immediately. you must formally request an extension of time in writing. Any extension will be approved in writing; otherwise the original deadlines will apply.

Your response to the questionnaire should include all of the information requested. It is essential and in your interest that the Department receive complete information early in the proceeding to ensure a thorough and accurate analysis and to provide all parties the fullest opportunity to review and comment on your submission and the Department's analysis. We appreciate your cooperation in this review.

This review will be conducted on a schedule dictated by law. If you fail to provide accurately the information requested within the time provided, the Department may be required to base its findings on the **facts available.** If you fail to cooperate with the Department by not acting to the best of your ability to comply with a request for information, the Department may use information that is adverse to your interest in conducting its analysis.

This questionnaire consists of the following sections:

Section A requests information about your organization and accounting practices, and general information regarding sales of the merchandise under review.

Section B requests information about your **home market**, or where appropriate, a **third-country** market,[4] including a sales list and other information necessary for us to calculate the normal value of the merchandise.

Section C requests information about the United States market, including a sales list and other data necessary to calculate the price in or to the United States market.

Section D requests information about the **cost of production** of merchandise sold in the foreign market and the **constructed value** of merchandise sold in

[3] In each section of the questionnaire, the first use of each term included in the Glossary of Terms at Appendix I is shown in bold type face.

[4] Hereafter referred to as your **foreign market**.

or to the United States, which may be required in connection with the calculation of normal value.[5]

Section E requests information about further manufacturing or assembly in the United States prior to delivery to un**affiliated** United States customers.

Please comply with the following general instructions for filing and preparing your response to this questionnaire.

I. Instructions for Filing the Response

The following instructions apply not only to your questionnaire response but to all documents you submit to the Department during the course of this proceeding.

1. File your response in Washington, D.C., at the address listed on the cover of the questionnaire.

2. **Proprietary versions** of the response should be submitted on the day specified on the cover of the questionnaire. The **public version** of the response may be filed one business day after the proprietary version.

3. File the original and six copies of the proprietary version. However, if you file an electronic copy of the proprietary version in Word Perfect 6.1 (Word Perfect 7.0 and 8.0 are also acceptable), you need file only the original version and four copies. In case of any difference between the narrative response and the content of the electronic media, the narrative response is the controlling version. For either alternative, only one copy of sample printouts and electronic media containing sales files and cost files need be submitted. (Appendix II contains instructions for filing electronic media.)

   File the original and four copies of the public version of your narrative response and attachments, including sample printouts.

4. Submit the required **certification of accuracy.** Providers of information and the person(s) submitting it, if different (*e.g.*, a legal representative), must certify that they have read the submission and that the information submitted is accurate and complete. The Department cannot accept questionnaire responses that do not contain the certification statements. A form for such certification is included at Appendix IV of this questionnaire. You may photocopy this form and submit a completed copy with each of your submissions.

[5] If you are required to complete section D, it will be specified in the cover letter.

5. Provide the required **certificate of service** with each proprietary version and public version submitted to the Department.

6. Request **proprietary treatment** for information submitted that you do not wish to be made publicly available. As a general rule, the Department places all correspondence and submissions received in the course of an antidumping proceeding in a public reading file. However, information deemed to be **proprietary information** will not be made available to the public.[6] If you wish to make a request for proprietary treatment for particular information, refer to sections 353.32 and 353.33 of the Department's **regulations**.[7] Submit the request for proprietary treatment no later than one business day following the submission of the proprietary version of the questionnaire response accompanied by:

   (1) a non-proprietary (public) version of your response that is in sufficient detail to permit a reasonable understanding of the information submitted in confidence,[8] and/or

   (2) an itemization of particular information that you believe you are unable to summarize. State the reasons why you cannot summarize each piece of information.

   Responses, or portions thereof, that are not adequately summarized may be returned to you and not used.

7. Submit the statements required regarding limited release of proprietary information under the provisions of an **administrative protective order** ("APO"). U.S. law permits limited disclosure to representatives of parties (*e.g.*, legal counsel) of certain business proprietary information, including electronic business proprietary information, under an APO. (Note that data received under an APO cannot be shared with others who are not covered by the APO.) Under the provisions governing APO disclosure, you must submit either:

   (1) a statement agreeing to permit the release under APO of information submitted by you in confidence during the course of the proceeding, or

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[6] Supplier names will not be considered proprietary information in situations where the Department has excluded the exporter from the antidumping duty order. Exclusions of non-producing exporters will be granted only to exporter/supplier combinations.

[7] Instructions concerning the treatment of proprietary information will be contained in sections 351.304, 351.305, and 351.306 of the Department's revised regulations once those sections are finalized.

[8] Generally, numerical data are adequately summarized if grouped or presented in terms of indices or figures ranged within ten percent of the actual figure. If a particular portion of the data is voluminous, use ranged figures for at least one percent of the voluminous portion.

(2) a statement itemizing those portions of the information which you believe should not be released under APO, together with arguments supporting your objections to that release.

We are required by our regulations to reject, at the time of filing, submissions of business proprietary information that do not contain one of these statements. You must state in the upper right-hand corner of the cover letter accompanying your questionnaire response whether you agree or object to release of the submitted information under APO. (See section 353.31(e)(2) of our regulations for specific instructions.)[9]

8. Place brackets (“]” around information for which you request business proprietary treatment. Place double brackets (“[ ]]” around information for which you request proprietary treatment and which you do not agree to release under APO.

9. Provide to all parties whose representatives have been granted an APO (as listed in the cover letter to the questionnaire or as listed in a subsequent letter from the Department) a complete copy of the submission, proprietary and public versions, except for that information which you do not agree to release under APO. If you exclude information because you do not agree to release it under APO, submit with your response to the Department a certificate of service and a copy of the APO version of the document containing the information that you agree may be released under APO. For parties that do not have access to information under APO, please provide a public version only.

II. Instructions for Preparing the Response

1. Prepare your response in typed form and in English. Include an original and translated version of all pertinent portions of non-English language documents that accompany your response, including the financial statements. If this is impractical for certain of the documents, please contact the official in charge.

2. Repeat the question to which you are responding in your narrative submission and place your answer directly below it. To assist you, we have provided a copy of the questionnaire on diskette in Word Perfect 6.1.

3. Refer to the instructions at Appendix II for information requested in electronic form (*i.e.*, sales lists and cost of production data).

[9] If you do not agree to release under APO all or part of the proprietary information, but we determine that the information should be released, you will have the opportunity to withdraw the information (see section 353.34(c) of our regulations). However, any information which you withdraw will be taken out of the official record and will not be used in our determination.

4. Include all worksheets, financial reports and other requested documents as appendices to your response.

5. Report the **price adjustments** you made and expenses you actually incurred in making each sale reported in the computer data files requested in sections B and C of this questionnaire. Use allocations (*e.g.*, averages) only for price adjustments or expenses that cannot be tied to a specific sale (*e.g.*, indirect selling expenses).

   In cases where reporting price adjustments or expenses on the same basis as they were granted or incurred (on a specific transaction or otherwise) would create a significant burden, the Department will accept allocated expenses if you can demonstrate that the allocation is calculated on as specific a basis as is feasible (*e.g.*, on a customer-specific basis, product-specific basis, and/or monthly-specific basis, etc.) and is not unreasonably distortive. In doing so, provide a complete explanation of (1) how the price adjustments or expenses are recorded in your records; (2) why you cannot report the price adjustment or expense on a more specific basis using your records; and (3) why your allocation methodology does not cause inaccuracies or distortions. For example, if you must allocate an expense between subject and non-subject merchandise and you perform the allocation on the basis of sales value, show that subject and non-subject merchandise incur or should bear the expense in such proportions. Explain how you allocated each price adjustment or expense to the products under review and include the allocation formula and supporting worksheets in your response.

6. Please note that you are required to establish the nature and amount of a particular adjustment. If this is not done, the Department may determine not to accept the adjustment as claimed. Include in your response all the information necessary for the Department to evaluate the nature of the adjustment and the methodology used for the adjustment. Explain whether expenses are tied directly or indirectly to your sales of the subject merchandise. Please refer to the Glossary of Terms (Appendix I) for a definition of **direct** and **indirect expenses**.

7. Report all expenses and revenues in the currencies in which they were incurred or earned. Identify all ratios, operating statistics and expenses or revenues used. In addition, revenues and expenses should be identified by name and by the account or sub-account codes listed in your chart of accounts.

8. Identify all units of measurement, currencies and conversion factors used in your narrative response, worksheets or other appendices.

9. Identify any source documents maintained in the normal course of business you have relied on in preparing your response, and note the cities where these documents are maintained. Please include this information in an Appendix to your response. This information is used by the Department to prepare for **verification**.

10. Prepare sample printouts of information from each computer file submitted. The sample should contain the first and every fiftieth record (*i.e.*, observations 1, 50, 100, . . ., n) in each file submitted (always submit at least 60 records in the sample). However, if the total records in a file number less than 500, prepare a printout of the entire file.[10] Submit the printouts with the electronic files (see Appendix II part D).

11. Prepare a single response that includes the information, including financial statements, for all **affiliates** involved with the production or sale of the products under review during the period of review ("POR") in the foreign market or the United States market or both. Include the sales and cost of these affiliates with your sales and cost in the same computer data file(s) and submit a single narrative response. If you are uncertain whether a company is affiliated with you, or do not believe you are able to prepare a response that includes the information of a known affiliate, contact the official in charge as soon as possible.

    Your sales to affiliates in the foreign market can take one of two forms: 1) sales to affiliated industrial consumers who purchased of the foreign like product for internal consumption rather than resale[11]; and 2) sales to affiliated resellers. You must report all your sales to affiliated customers. If the Department determines that your sales to affiliated customers are at arm's length, the Department will use these sales in its analysis. For sales to affiliated resellers, you must report the sales from the affiliated resellers to the unaffiliated customers. However, if sales to all affiliated customers constitute less than 5% of your total sales in the foreign market, or if you are unable to collect information on such resales, please notify the official in charge in writing immediately so that the Department may consider a possible exemption.

12. If you make sales to unaffiliated customers in the United States through an affiliated reseller located in the United States, your sales will generally be classified as **constructed export price** sales. For these sales, the Department deducts from the U.S. resale price to an independent purchaser all selling, distribution, and manufacturing expenses incurred in the United States. The Department also deducts an amount for profit allocable to these expenses. If you are required to respond to the cost-of-production section of this questionnaire, the Department will typically calculate a profit rate based on your reported revenues and expenses. Otherwise, the Department may use information obtained from your financial reports.

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[10] While the Department requires only sample printouts, if requested you are obligated to provide a full printout of all submitted data files to any party granted an APO.

[11] The affiliated customer consumes the foreign like product in production if the affiliate uses it in the production of merchandise which does not fall within the description of the merchandise provided in Appendix III.

If you are not required to respond to the cost-of-production section of the questionnaire, you may voluntarily submit the information necessary to calculate a profit rate. Within legislative guidelines, we will use the information if it is practicable to do so and the information can be verified.

13. You must report all sales, including those sales which you believe are outside the **ordinary course of trade**. If you claim that some sales are outside the ordinary course of trade, you should then identify those sales. You must include a complete explanation in your narrative why you consider those sales to be outside the ordinary course of trade.

14. Provide a table of contents and a table of attachments. Assign a number to each attachment and include a descriptive name for each attachment and its number in the table.

15. Please respond to each question. If a particular question does not apply, please state so in your response. Failure to do so could lead to adverse assumptions for that particular question.

For Department use only. This box should be deleted prior to sending the questionnaire to respondents. Include question #16 only in cases where there are consecutive administrative reviews for the particular company to which you are sending this questionnaire.

16. In responding to this questionnaire, please identify any methodological changes you have made from your response in any previous administrative review. Also identify any reporting methodologies that you know to be not in accordance with previous Departmental decisions regarding your company.

17. It is your responsibility to contact the official in charge if subsequent to your filing there are events that affect your response (*e.g.*, changes in your cost accounting system, changes as a result of an audit).

SECTION A

Organization, Accounting Practices, Markets and Merchandise

1. Quantity and Value of Sales

Information on the quantity and value of sales is necessary to determine whether we will attempt to compare the prices of merchandise under review sold to the United States market to
(a) the prices of comparable merchandise in your **home market**, (b) prices of comparable merchandise in a **third-country** market or (c) **constructed value**.[12] Refer to the term **viability** in the Glossary of Terms at Appendix I for a more complete discussion.

In this questionnaire we generally refer to the home market or third-country market selected for the calculation of normal value as the **foreign market.**

a. State the total quantity and value of the merchandise under review that you sold during the period of review ("POR") in (or to):

   1. the United States,
   2. the home market, and
   3. if required, each of the three largest third-country markets.[13]

   Also state the quantity and value of the merchandise entered into the United States during the POR. If you had **constructed export price** sales (*i.e.*, sales to unaffiliated U.S. customers through an affiliated U.S. importer) but no entries during the POR, please notify the official in charge immediately.

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[12] Throughout this questionnaire, whenever we refer to the "products under review" or "merchandise under review," we are referring generally to all products within the scope of the review that your company sold during the period of review in any market. When we use the term **subject merchandise,** we are referring to products sold to the United States. When we use the term **foreign like product,** we are referring to products sold in your home market or exported to a country other than the United States. We have provided a description of the merchandise under review in Appendix III.

[13] If the Department has requested that you file your response to section A before your responses to sections B and C, in responding to this question, you may use the **date of sale** you use in your accounting system to determine the quantity and value sold during the period of review. However, the viability of your home and third county markets will ultimately be based on the date of sale used in your responses to sections B and C of this questionnaire. Accordingly, if you use the date of sale you employ in your accounting system to prepare section A, but expect to use a different date of sale in the preparation of sections B and C, and your section A response for home market sales is close to the threshold of five percent of U.S. sales, contact the official in charge.

A chart for reporting the sales quantity and value is included at the end of this section.

Complete a combined chart for merchandise produced and sold by your company and its affiliates and, where appropriate, a separate chart for the merchandise of each unaffiliated manufacturer whose merchandise under review you sold during the POR. Report the value of all sales in U.S. dollars and convert your quantity of sales to a uniform unit of measure. List the conversion rates used. To the extent possible, sales values should be reported based on the same terms of sale. For sales of merchandise further manufactured or consumed by affiliates in the United States, report the quantity and value (based on the prices you charge to your U.S. affiliate) of the product as imported into the United States, and not as the further processed product.

b. Report separately the quantity and value of sales in the home market and, if necessary, to each of the three largest third countries, that were made to affiliates. Include only those sales that involved the purchase of the foreign like product by affiliates for consumption rather than resale.

c. Exclude your sales to affiliated resellers. Report instead the resales by the affiliates to unaffiliated customers. However, if sales to all affiliated customers constitute less than five percent of your total sales in the home or third-country markets, or if you are unable to collect information on such resales, please notify the official in charge in writing.

d. Report third-country market information in the chart only if the volume of home market sales of the foreign like product is less than five percent of the volume of United States sales of the subject merchandise. If the volume of your home market sales of the foreign like product is less than five percent of the volume of your sales to the United States of the subject merchandise (or if, for other reasons, you do not believe that your home market sales are usable as a basis for normal value), contact the official in charge because the Department, except in unusual situations, will not use your home market as the basis for calculating **normal value**. If home market sales are less than 5% of U.S. sales, you may present to the Department any special circumstances which might justify why your home market should be used as the basis for normal value.

e. If your home market does not meet the five percent threshold described above, report the sales to each of the three largest (by volume) third-country markets (provided each meets the five percent threshold) in the chart and respond to each of the remaining questions in this section of the questionnaire by describing each of these three third-country markets. If the volume of your largest third-country market sales of the foreign like product is also less than five percent of the volume of your sales to the United States of the subject merchandise, do not report this market. If this is the case, you are required to respond to Section D of this questionnaire.

f. If there are special circumstances that you believe the Department should consider in selecting a third-country market for determining normal value, please describe these circumstances (*e.g.*, similarity of merchandise, similarity of channels of distribution) for each of the three largest third-country markets . In addition, if you believe that the foreign like product sold in the three largest third-country markets is not appropriate for comparison to the subject merchandise, then also report any third-country sales for the market to which you sold merchandise that is best compared to the U.S. market. Describe the circumstances that makes that market appropriate for making comparisons.

g. If you export merchandise for entry into a foreign trade zone ("FTZ"), into a bonded warehouse in the United States, or under a temporary import bond, this may affect the way we treat these sales. Please note whether your merchandise goes into a FTZ or a bonded warehouse and contact the official in charge to discuss the reporting requirements.

h. No later than two weeks before the first scheduled verification, provide a complete package of documents and worksheets demonstrating how you identified the sales you reported to the Department and reconciling the reported sales to the total sales listed in your general ledger. Include a copy of all computer programs used to separate the reported sales from your total sales and to calculate expenses. If no verification is scheduled, submit this information three weeks before the scheduled date of the preliminary results of review.

2. Corporate Structure and Affiliations

The purpose of the questions concerning operational and legal structures and affiliations is to provide the Department with an understanding of your company and its role in the manufacture, sale and distribution of the merchandise under review. The Department requests information not only about your company but also about affiliates, because it may be necessary to use information gathered from affiliated parties to establish prices, selling and general expenses, and production costs. In responding to questions about **affiliated persons**, please refer to the definition provided in the Glossary of Terms at Appendix I. For the purposes of the following questions, a "person" includes any company, individual, or partnership.

a. Provide an organization chart and description of your company's operating structure. Describe the general organization of the company and each of its operating units. For example, if your operations are structured by product or families of products, provide a description of each product group; if your operations are structured by function, provide a list of functional groups and the activities performed by each.

Although you may provide a general description of the structure of the company as a whole, it is particularly important that the description of those units involved in the development, manufacture, sale and distribution of the merchandise under review be sufficiently detailed to provide the Department with a good working understanding of how these units function within the company.

b. Provide a list of all the manufacturing plants, sales office locations, research and development facilities and administrative offices involved in the development, manufacture and sale of the merchandise under review operated by your company and its affiliates. Please briefly describe the purpose of each.

c. Provide an organization chart and description of your company's legal structure. Include any parent companies or subsidiaries of your company and all other persons affiliated with your company, and provide a description of all such persons. Affiliated persons include, but are not limited to, the following:

   i. Persons that own directly or indirectly 5% or more of your company's voting stock or shares. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.

   ii. Persons in which your company has 5% or more of the voting stock or shares, regardless of whether you consider them to be subsidiaries. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.

   iii. Persons with whom your company may be under "common control" by a third party. These should include all persons who have ownership in common with your company, even if you do not consider such ownership to be "controlling." For example, if your company is a subsidiary of another company, provide a list of other companies in which your parent company (or companies) owns 5% or more of the voting stock or shares. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.

   iv. All other persons who may be considered affiliates of your company. Include debt holders, close suppliers, partners in joint ventures, companies whose directors or officers include any director or officer of your company, and persons with whom your company has operational or close business ties. Also include any persons not already listed who control or are controlled by your company. "Control" exists where one person is legally or operationally in a position to exercise restraint or direction over another person.

   Specify the percentage of ownership and cross-ownership among the persons listed in response to the above requests. Describe all aspects of the relationship between your company and each person you name, and describe each person's role (if any) in the manufacturing, sale, and/or development of the product under review (including all inputs). If your company has a relationship with another person, but you are unsure whether it meets the Department's definition of "affiliated person," please describe your relationship with that person.

d. If any of the affiliated persons you have identified above are in turn affiliated with other persons that are involved in the manufacturing, sale, and/or development of the product under review (including all inputs), please provide a list of those persons and describe the nature of the affiliation (*e.g.*, shared directors or managers, equity ownership, close supplier relationship). Include any such affiliated persons in the chart you provide in response to Question 2.c., above. Also describe the nature of each person's involvement with the product under review.

e. Provide a list of your company's ten largest shareholders and the percentage of equity under each shareholder's control. If your company is a subsidiary of another company, list the ten largest shareholders of your parent company and the ten largest shareholders of the other subsidiaries of your parent company. If your parent company is itself a subsidiary of another company, list the ten largest shareholders of its parent company. Moreover, also list any shareholder(s) who owns, directly or indirectly, five percent of the voting stock of your company, parent company, or subsidiaries of your company or parent company. If any of this information is not available or you are unable to complete this request, please explain fully why it is not possible to answer this question.

3. Distribution Process

The description you provide of your distribution and sales processes (see also question 4 below) is intended to provide the Department with the information necessary to make appropriate comparisons of sales at the same **level of trade** or to make a **level of trade adjustment**, if appropriate, when sales are compared at different levels of trade. Therefore, the Department requires detailed information about your channels of distribution, the categories of customers to whom you sell, the selling activities or services associated with each channel of distribution and category of customer, and the level of selling expenses for each channel and category of customer. Your response to this section is required regardless of whether you believe differences in levels of trade exist. Your response should include all the information requested and all information the Department should consider in making a comparison.

a. Provide a flow chart and description of each of your company's channels (or methods) of distribution in both the U.S. market and the foreign market. For example, for certain of your sales you may manufacture to order and ship directly to customers; for other sales you may ship from inventory maintained in distribution warehouses; additional sales may be made through consignees; etc.

b. Provide a list of the categories of customers (*e.g.*, distributor, wholesaler, retailer, end-user) that purchase through each channel of distribution. In the case of constructed export price transactions (*i.e.*, sales to unaffiliated U.S. customers through an affiliated U.S. importer[14]), describe both your affiliated U.S. importer(s) and your importer's unaffiliated customers.

[14] Please refer to the Glossary of Terms at Appendix I for a more exact definition.

c. Provide a complete list of all the selling activities performed and services offered in the U.S. market and the foreign market. Selling activities or services might include inventory maintenance, technical advice, warranty services, freight and delivery arrangements, advertising, and any other sales support activities. Please specify which services are provided by your company and which are provided by an affiliate. Describe each activity or service in detail. Identify the expense field in which the expenses associated with each selling activity will be captured in your response to Sections B and C.

d. For each category of customer (see part 3.b. above) to which you sold in each channel of distribution (see part 3.a. above) (*i.e.*, for each combination of distribution channel and customer category), provide the information requested below.

- From the list of selling activities and services you created in response to part 3.c. above, identify those activities or services performed. In the case of consignment sales, also describe any consignment arrangements and the activities of the consignee.
- Indicate where and by whom each selling activity was performed on your reported sales.
- Describe the degree to which each selling activity was performed on your reported sales.
- If you had CEP sales, explain how each U.S. selling activity supported specific steps in your U.S. distribution system.

For constructed export price sales to the United States, if any, provide the information requested above for both your transactions with your affiliated importer and your U.S. affiliate's resales to unaffiliated U.S. customers.

e. Explain whether the prices you charge for the subject merchandise in the U.S. market and the foreign like product in the foreign market vary depending on the channel of distribution through which you sell and/or the customer category to whom you sell. If so, please explain how prices vary and why.

f. If you have made CEP sales to the United States and you claim that a CEP offset should be made in calculating normal value, the Department's **regulations** require the Department to examine price differences between levels of trade for sales in the foreign market of broader or different product lines. Under the antidumping regulations, the Department may grant a CEP offset only if it is unable to calculate a level of trade adjustment using such information (and if other requirements are met). Therefore, if you are claiming that a CEP offset should be made, then you must provide the information requested in 3.a through 3.d, above, with respect to other products your company sold in the foreign market, including any merchandise that is not a foreign like product. If you made sales of any merchandise at a level of

trade similar to the level of trade of your CEP sales[15], provide average price information for the products sold at that level of trade and either of the levels of trade at which the foreign like product was also sold. You may provide your response to this question with your response to Section B of this questionnaire.

4. Sales Process

The **date of sale** for your sales to the United States and the foreign market is important to the Department's analysis. It will determine which sales are reported in response to sections B and C of this questionnaire and the exchange rate used to convert normal value into U.S. dollars. Note, however, that the Department's criteria for determining date of sale may differ from those that you apply in the normal course of business. A description of the Department's criteria is included in the Glossary of Terms at Appendix I; please use these criteria in preparing your response to this questionnaire. If you have difficulty deciding which date to use as the date of sale, please contact the official in charge immediately.

a. Describe the sales process for each method or channel of distribution described in response to question 3 above. Include a description of each step in the sales process.

b. Explain how you determined the ultimate customer or market for the products sold through resellers. For these sales, explain whether you restrict the reseller's volume or geographic area for distribution. In addition, explain whether you provide customer lists to or make joint sales calls with the reseller, or provide post-sales support or purchase incentives to the reseller's customers. Provide written sales contracts or sales terms with these resellers. In addition, indicate whether different packing is required for products sold for export or domestic consumption or whether documentation is required with respect to exported merchandise. Finally, explain whether you classify these sales as export or home market sales in your business records, and describe the criteria you use to classify sales.

c. Describe your agreement(s) for sales in the United States and the foreign market (*e.g.*, long-term purchase contract, short-term purchase contract, purchase order, order confirmation). Provide a copy of each type of agreement and all sales-related documentation generated in the sales process (including the purchase order, internal and external order confirmation, invoice, and shipping and export documentation) for a sample sale in the foreign market and U.S. market during the POR.

[15] The level of trade for CEP sales is determined *net* of selling activities or services associated with economic activities performed in the United States in selling the subject merchandise to unaffiliated customers. In general, this means that the relevant level is the level of trade of your transactions with your affiliated U.S. reseller. Please refer to **constructed export price** and **level of trade** in the Glossary of Terms.

d. Describe the types of changes that occur after the initial agreement that affect the terms of the sale other than delivery dates.

e. Provide the approximate percentage of sales of the merchandise under review in the United States market and the foreign market made pursuant to each type of agreement listed in response to question 4.c. above.

f. Provide copies of all price lists used in sales of the merchandise under review to the United States and to the foreign market and identify the types of sales to which these price lists pertain. Include any **discount** or **rebate** schedules used with each price list.

g. Describe your invoicing practice(s) for each channel of distribution described in response to question 3 above. Explain when invoices are issued in relation to when the merchandise is shipped. Also explain any circumstances under which you deviate from the usual practice and describe how often this occurs.

5. Sales to Affiliated Persons ("Affiliates") in the Foreign Market

An affiliated customer is considered to have resold the foreign like product if the product sold by the affiliate is within the definition of the merchandise in Appendix III. This is the case whether the affiliate resold the product in the same condition as it was purchased or whether the affiliate processed the product before resale. The affiliated customer is considered to have "consumed" the foreign like product if the affiliate uses it in the production of merchandise which does not fall within the description of the merchandise provided in Appendix III.

a. Provide a list of affiliates that purchased and resold the foreign like product in the foreign market. Also, please state the approximate percentage of your sales of the foreign like product in that market which were made through these affiliates.[16]

b. Describe the services provided by each of the affiliated resellers. For example, explain whether the reseller acts as a sales agent ordering and reselling in the same lot sizes without taking physical possession of the merchandise or whether the reseller warehouses the merchandise and resells it in different lot sizes or in a further processed form of the foreign like product. In addition, explain whether the reseller provides warranties and technical or customer service, registration services, or arranges for transportation to the unaffiliated customer.

c. Provide a list of affiliates that purchased the foreign like product for consumption in the foreign market or elsewhere. Explain your policy for

[16] If resales by affiliates are a small percentage of your total sales in the foreign market, or if you cannot collect information on such resales, please contact the official in charge. Where you report an affiliate's resales, your sales to the affiliated reseller should not be reported in section B.

establishing prices to such affiliates. Indicate the approximate percentage of sales of the foreign like product that were made to these affiliates.

6. Accounting/Financial Practices

A detailed understanding of your accounting and financial practices will help to ensure an accurate **verification**, and is necessary for the Department to analyze your reporting and allocation of expenses.

a. Describe your company's accounting and financial reporting practices, including your normal corporate accounting period.

b. Please provide the following financial documents for the two most recently completed fiscal years plus all subsequent monthly or quarterly statements: (1) chart of accounts; (2) audited, consolidated and unconsolidated financial statements (including any footnotes and auditor's opinion); (3) internal financial statements or profit and loss reports of any kind that are prepared and maintained in the normal course of business for the merchandise under review or, in the absence of such reports, for the product line that corresponds most closely to the definition of the merchandise under review, including those for the next largest and smallest categories of merchandise and for the next largest and smallest internal business unit producing or selling the merchandise under review; (4) financial statements or other relevant documents (*i.e.*, profit and loss reports) of all affiliates involved in the production or sale of the subject merchandise in the foreign market and the U.S. market, of all affiliated suppliers to these affiliates, and of the parent(s) of these affiliates; (5) any financial statement or other financial report filed with the local or national government of the country in which your company is located.

c. If the annual inflation rate in the foreign market was in excess of 25 percent during any month of foreign market sales you are required to report in accordance with section B of this questionnaire, please contact the official in charge within two weeks of the receipt of this questionnaire. We may request that you respond to a modified questionnaire. (These instructions are provided to alert the Department to high inflation rates that might require adjustments to costs.)

7. Merchandise

The questions which follow relate to the merchandise under review sold in the United States and the foreign market.

a. Provide a description of the types of merchandise under review produced or sold by your company. Include an explanation of the differences and similarities of the merchandise under review sold in the foreign market and that exported to the United States.

b. Provide a key to your product codes assigned to the merchandise in the normal course of business, including an explanation of the full range of prefixes, suffixes, or other notations that identify special features. Explain whether identical products are listed under different product codes in the United States and the foreign market. If so, provide a list showing how identical products are identified by product codes for each market.

c. Describe the parts, materials, specifications, applications, standards, and production processes employed in the production of the merchandise sold in the foreign market and sold in the United States. Include copies of the industry specifications or standards for each market. Explain other factors that differentiate the products under review sold by your company.

d. Provide all catalogs and brochures issued by your firm and affiliates that include the merchandise under review sold by your firm in the United States and in the foreign market. If translating the foreign market catalogs and brochures is burdensome, contact the official in charge.

e. If your merchandise is sold in the foreign market in different quantity units than in the United States, describe any conversion factors necessary to put the sales on the same basis.

f. State whether you had any transactions involving merchandise samples in either your foreign market of the U.S. market. Describe the terms and circumstances of any such transactions.

8. Further Manufacture or Assembly in the United States

This section of the questionnaire concerns subject merchandise exported to the United States and changed in value or physical condition ("**further manufacture**") prior to delivery to the first unaffiliated customer in the United States.

Provide the following information with respect to merchandise that is further manufactured or assembled in the United States by an affiliate or contractor.

a. Provide a list and description of the products sold to unaffiliated customers during the POR that were produced from or incorporate subject merchandise. For each such product sold, identify the particular subject merchandise used to produce that final product.

b. Provide the weighted-average net price for the period of review charged to the affiliated importer for each product included in the review that has been further manufactured and the weighted-average net price for the period of review charged the unaffiliated U.S. customers for each further manufactured final product. For each further manufactured product sold during the POR, list the product code and name of the subject merchandise included in that product, the net unit transfer price charged the affiliated importer, the amount of the subject merchandise consumed in the production of the further manufactured product, and the total value of the consumed subject

merchandise (unit transfer price multiplied by the number of units consumed in production).[17]

9. Exports Through Intermediate Countries

If you are aware that any of the merchandise you sold to third countries was ultimately shipped to the United States, please contact the official in charge within two weeks of the receipt of this questionnaire.

10. Sales of Merchandise Under Review Supplied by an Unaffiliated Producer.

Please respond to this section of the questionnaire if neither your company nor an affiliate produced the merchandise under review that you sold either in the foreign market or to the United States.

a. Provide the names, addresses and facsimile numbers of those companies that supplied you with the merchandise under review that your company or an affiliate sold to the United States or to the foreign market.

b. State whether the supplier of the merchandise under review knew or had reason to know the ultimate destination of any merchandise purchased by your company at the time of sale. For example, did you request that the supplier ship the merchandise directly to the United States; was the destination apparent from the product codes or other markings; were there product characteristics or features typical of the United States market? Was there an explicit or implicit understanding giving permission to or responsibility for exporting to the United States, or restricting, discouraging, or prohibiting sales in the home market, the foreign market or elsewhere? Does the supplier have the right to review your sales records? Does the supplier provide after-sales service in the U.S., participate in U.S. sales calls or activities, provide sales incentives to your customers?

[17] This question is designed to provide the Department with the information necessary to determine whether the value-added in the United States exceeds substantially the value of the subject merchandise that has been processed. You may provide this information in any format that supplies the appropriate information.

FORMAT FOR REPORTING QUANTITY AND VALUE OF SALES

Market	Period of Review	Unit of Measure	Total Quantity Entered	Total Quantity Sold	Total Value of Entries in U.S. dollars	Total Value of Sales in U.S. dollars
United States 1. Export Price 2. Constructed Export Price 3. Further Manufactured Total						
Home 1. Affiliated 2. Unaffiliated Total						
Third Country 1 1. Affiliated 2. Unaffiliated Total						
Third Country 2 1. Affiliated 2. Unaffiliated Total						

Third Country 3 1. Affiliated 2. Unaffiliated Total						

SECTION B

Sales in the Home Market or to a Third Country

I. General Explanation of Section B

This section of the questionnaire provides instructions for reporting your sales of the **foreign like product** in your home market or a third-country market. The choice of the appropriate market is based, in part, on your response to question 1 in section A.

For simplicity, the instructions refer to the **foreign market**. The foreign market is the home market or a third-country market, whichever will be used to determine normal value.

II. Computer File of Foreign Market Sales

In accordance with the instructions provided in this section, prepare a computer data file containing sales of the foreign like product in the foreign market. Because **contemporaneous sales** must be used to determine **normal value** , the reporting period for these sales depends on the dates of sale for the U.S. sales you report in response to Section C of this questionnaire. Report all sales of the foreign like product during the three months preceding the earliest month of U.S. sales, all months from the earliest to the latest month of U.S. sales, and the two months after the latest month of U.S. sales. If this is less than twelve months in total, please contact the official in charge immediately.

Report all sales of the foreign like product, whether or not you consider particular merchandise to be that which is most appropriately compared to your sales of the subject merchandise. The Department will then select the appropriate comparison sales from your sales listing. Do not, however, report canceled sales. In addition, if you sold to an affiliate who resold the merchandise, report the affiliate's resales to unaffiliated customers rather than your sales to the affiliate.[18]

For sales of merchandise that have been shipped to the customer and invoiced by the time this response is prepared, each "record" in the computer data file should correspond to an invoice line item (*i.e.*, each unique product included on the invoice). For sales of merchandise that have not yet been shipped and invoiced (in whole or in part) to the customer, a "record" should correspond to the unshipped portion of the sale.

Each computer record submitted should contain the information requested concerning the product sold, the terms of the sale, the selling expenses incurred and other information. The following portion of section B describes the information the Department requires.[19]

III. Summary of Data Fields for Foreign Market

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[18] If resales by affiliates are a relatively small part of your total sales in the foreign market, or if you are unable to collect the information, please contact the official in charge immediately. When you report the affiliate's resales, your sales to the affiliated resellers should not be reported.

[19] Refer also to the Instructions for Computer Tapes and Diskettes at Appendix II.

The chart which follows is a summary of the data fields for the foreign market sales file which are described in the remainder of this section of the questionnaire. In addition to the field number, description and name, the chart lists the page number in this section which contains the instructions for completing the field itself and the narrative response. Please refer to Appendix II Instructions for Computer Tapes and Diskettes for instructions on preparing the electronic file.

SECTION B

Summary Foreign Market Sales File

FIELD NUMBER	FIELD DESCRIPTION	FIELD NAME
1.0	Complete Product Code	PRODCODH[20]
2.0	Matching Control Number	CONNUMH
3.1 thru 3.n	Product Characteristics	
4.0	Customer Code	CUSCODH
5.0	Customer Relationship	CUSRELH
6.0	Customer Category	CUSCATH
7.0	Channel of Distribution	CHANNELH
8.0	Sale Invoice Date	SALINDTH
9.0	Date of Sale	SALEDATH
10.0	Sale Invoice Number	INVOICEH
11.0	Date of Shipment	SHIPDATH
12.0	Date of Receipt of Payment	PAYDATEH
13.0	Terms of Delivery	SALETERH
14.0	Terms of Payment	PAYTERMH
15.0	Quantity	QTYH
16.0	Quantity Unit of Measure	QTYUNITH
17.0	Gross Unit Price	GRSUPRH
18.1-n	Billing Adjustments	BILLADJH
19.1	Early Payment Discounts	EARLPYH

[20] For Third-Country sales, replace the "H" at the end of all field names with a "T".

19.2	Quantity Discounts	QTYDISH
19.3-19.n	Other Discounts	OTHDIS(1-n)H
20.1-20.n	Rebates	REBATE(1-n)H
21.0	Level of Trade	LOTH
22.0	Level of Trade Adjustment	LOTADJH
23.0	Inland Freight - Plant to Distribution Warehouse	INLFTWH
24.0	Warehousing Expense	WAREHSH
25.0	Inland Freight - Plant/Warehouse to Customer	INLFTCH
26.0	Inland Insurance	INSUREH
27.0	Destination	DESTH
28.0	Commissions	COMMH
29.0	Selling Agent	SELAGENH
30.0	Selling Agent Relationship	SELARELH
31.0	Credit Expenses	CREDITH
32.0	Interest Revenue	INTREVH
33.0	Advertising Expenses	ADVERTH
34.0	Warranty Expense	WARRH
35.0	Technical Service Expense	TECHSERH
36.0	Royalties	ROYALH
37.1-37.n	Other Direct Selling Expenses	DIRSELH
38.0	Indirect Selling Expenses	INDIRSH
39.0	Inventory Carrying Costs	INVCARH
40.0	Packing Cost	PACKH

41.0	Variable Manufacturing Cost	VCOMH
42.0	Manufacturer	MFRH
Additional Fields for Third-Country Sales		
43.0	International Freight	INTNFRT
44.0	Marine Insurance	MARNINT
45.0	Third-Country Inland Freight from Port to Warehouse	INLFPWT
46.0	Third-Country Inland Freight from Warehouse to the Unaffiliated Customer	INLFWCT
47.0	Third-Country Inland Insurance	TCINLINT
48.0	Third-Country Brokerage and Handling	TCBRKHT
49.0	Third-Country Customs Duty	TCDUTYT
50.0	Duty Drawback	DTYDRAWT

IV. Instructions for the Narrative Response and the Computer File of Foreign Market Sales

The following instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" is the variable name for the submitted printouts of the data file. "DESCRIPTION" describes the information you should report in the field of the computer data file, and "NARRATIVE" describes the additional information we request you provide, not in the computer data file, but in the narrative response.

Fields 1 through 3.

Report the information requested concerning the product sold. Fields 1 and 2 are reserved for the product code and a "matching" control number the Department will use in the calculation of the dumping margin. Fields numbered 3.1 to 3.n specify the product characteristics requested by the Department. You may add additional product characteristics. However, if you add characteristics not specified in the questionnaire, describe in the narrative response why you believe that the Department should use this information to define **identical** and **similar merchandise**.

FIELD NUMBER 1.0: Complete Product Code

FIELD NAME: PRODCODH (or PRODCODT)[21]

DESCRIPTION: Report the commercial product code assigned by your company in the normal course of business to the specific product sold.

NARRATIVE: The product code should be described in response to question 7 b in section A of this questionnaire.

FIELD NUMBER 2.0: Matching Control Number

FIELD NAME: CONNUMH

DESCRIPTION: Assign a control number to each unique product reported in the section B sales data file. Identical products should be assigned the same control number in each record in every file in which the product is referenced (*e.g.*, products with identical physical characteristics reported in the foreign market sales file and the U.S. market sales file should have the same control number).

For Department Use only. This box should be deleted prior to sending the questionnaire to respondents.
Fields numbered 3.1 through 3.n are specified for the product characteristics the Department requests each respondent submit. The field names and descriptions should be completed prior to sending the questionnaire to the respondents. A narrative response may be required. For example, if you wish the respondent to provide a description of a particular characteristic, add a "NARRATIVE" request in the field description below.

[21] If you are reporting sales made to a third-country, replace the "H" at the end of all field names with a "T".

FIELD NUMBER 3.1:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.2:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.3:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.n:

FIELD NAME:

DESCRIPTION:

Fields 4 through 7.
Report the information requested concerning the customer and the channel of distribution for the merchandise. In the section A response, you have described the various channels through which you distribute the merchandise. The response to field 7 should correspond to the description you have provided in your response to section A.

FIELD NUMBER 4.0: Customer Code

FIELD NAME: CUSCODH

DESCRIPTION: Report the name of the customer or the internal accounting code designating the customer.

NARRATIVE: Provide a list of customer names and codes as an attachment to your response. If known, identify customers that export some or all of their purchases of the foreign like product. Explain how you determined which sales were for consumption in the foreign market.

FIELD NUMBER 5.0: Customer Relationship

FIELD NAME: CUSRELH

DESCRIPTION: Report the code designating whether the customer is affiliated. We request that you report your sales to affiliated customers that consume the foreign like product. Unless requested by the official in charge, do not report sales to affiliated resellers of the merchandise; report only the resales by the affiliated reseller to unaffiliated customers.

1 = Unaffiliated Customers
2 = Affiliated Customers

FIELD NUMBER 6.0: Customer Category

FIELD NAME: CUSCATH

DESCRIPTION:
1 = Original Equipment Manufacturers
2 = Trading Companies
3 = Distributors
4 = Retailers
5 - n Specify additional categories as required.

NARRATIVE: Identify any additional categories and indicate the code used for each. Identify any customers that have been classified in more than one customer category and explain the circumstances requiring such treatment.

FIELD NUMBER 7.0: Channel of Distribution

FIELD NAME: CHANNELH

DESCRIPTION: The channels of distribution designated in this field should conform to those described in the response to question 3 in Section A of the questionnaire.

1 = Channel 1
2 = Channel 2
3 - n = Channel 3 - n.

NARRATIVE: Identify any additional channels and indicate the code used for each. The codes for channel of distribution listed above are examples only. You need not use them.

Fields 8 through 14.

Report the information requested concerning the terms of delivery and payment and the dates of the specified events of each sale. Please be sure to report dates in the specified eight-digit format. The Glossary of Terms at Appendix I describes the Department's criteria for determining the date of sale. The criteria used by the Department to determine the date of sale may be different from the criteria you use in your accounting system; please contact the official in charge if, after reviewing the Department's criteria, you are uncertain when a sale has occurred.

FIELD NUMBER 8.0: Sale Invoice Date

FIELD NAME: SALINDTH

DESCRIPTION: Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 9.0: Date of Sale (if different than Sale Invoice Date)

FIELD NAME: SALEDATH

DESCRIPTION: Include this field only if the date of sale is different from the sale invoice date. The appropriate date to use as date of sale should be determined in consultation with the "Official in Charge."

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 10.0: Sale Invoice Number

FIELD NAME: INVOICEH

DESCRIPTION: Report the reference number assigned to the invoice in your accounting system.

NARRATIVE: Describe the invoice numbering system used by each sales entity that originated a sale reported in this data file. Is it simply a sequential number or is additional information included in the code, such as place of sale? If additional information is contained in the code, provide a key describing each component of the code.

FIELD NUMBER 11.0: Date of Shipment

FIELD NAME: SHIPDATH

DESCRIPTION: Report the date of shipment from the factory or distribution warehouse to the customer.

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 12.0: Date of Receipt of Payment

FIELD NAME: PAYDATEH

DESCRIPTION: Report the date your records indicate payment was received from the customer.

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

NARRATIVE: Indicate the basis for determining the date of payment and the ledger from which this date was identified. If you cannot collect dates of payment in the time allowed for responding to this questionnaire, explain why and do not complete this field. If you collect the information but a particular invoice is unpaid, enter zeros in this field for that invoice.

FIELD NUMBER 13.0: Terms of Delivery

FIELD NAME: SALETERH

DESCRIPTION: 1 = Delivered
2 = FOB (specify delivery point; *e.g.*, FOB railroad)
3 - n Specify other delivery terms as required.

NARRATIVE: Describe the terms of delivery offered and indicate the code used for each. If the terms vary by channel of distribution, explain how these are related.

The codes for delivery terms listed above are examples only. You need not use them.

FIELD NUMBER 14.0: Terms of Payment

FIELD NAME: PAYTERMH

DESCRIPTION: Report terms of payment granted the customer.

1 = 30 days after invoice.
2 = 60 days after invoice.
3- n Specify other payment terms as required.

NARRATIVE: Describe each of the terms of payment you offer and indicate the code used for each. If the terms vary by channel of distribution, explain how these are related. If the payment

terms you offer are tied to early payment discounts or to interest penalties for late payment, please explain. Indicate whether the payment terms are stated or coded on each invoice or, otherwise, how customers agree to payment terms.
The codes for payment terms listed above are examples only. You need not use them.

Fields 15 through 20.
Report the information requested concerning the quantity sold and the price per unit paid in each sale transaction. All **price adjustments** granted, including **discounts** and **rebates**, should be reported in these fields. The gross unit price less price adjustments should equal the net amount of revenue received from the sale. If the invoice to your customer includes separate charges for other services directly related to the sale, such as a charge for shipping, create a separate field for reporting each additional charge. Refer to the Glossary of Terms at Appendix I for a more complete description of each of the price adjustments listed.

FIELD NUMBER 15.0: Quantity

FIELD NAME: QTYH

DESCRIPTION: Report the sale quantity for this transaction. In general, this quantity will be the quantity of the specific shipment or invoice line, net of returns where possible. For sales that have not been fully shipped/invoiced at the time the computer data for this section is prepared, also report the quantity of the sale not yet shipped (*i.e.*, total quantity sold less the quantity shipped and invoiced to date - and reported in other records in this file).

For example, assume the date of sale is the date of the customer's order. In the last month of the POR a customer orders 100 tons to be shipped in 5 lots of 20 tons each once every 30 days. At the time of preparation of your questionnaire response, 3 of the 5 shipments have been made and an invoice sent for each shipment to the customer.

The file you submit to the Department should contain 4 records: one record for each shipment and invoice and a fourth record for the unshipped amount of 40 tons. For the record containing the unshipped 40 tons, complete the adjustment fields based on estimates.

NARRATIVE: Explain how returns, if you permit them, affect your sales recorded in the general ledger and sales ledger.

FIELD NUMBER 16.0: Quantity Unit of Measure

FIELD NAME: QTYUNITH

DESCRIPTION: Report all sales in this file in the same unit of measure. Use an abbreviation or code to indicate the unit of measure.
1 or MT = metric tons
2 or KG = kilograms
3 - n Specify as needed

NARRATIVE: Provide a table of the units of measure and abbreviations or codes used.

The codes for unit of measure listed above are examples only. You need not use them.

Fields 17 through 50.
Report the sale price, discounts, rebates and all other revenues and expenses in the currencies in which they were earned or incurred and net of taxes rebated or not collected when the product is exported (*e.g.*, net of value added taxes ("VAT")). If a revenue or expense field is expressed in the same currency in all records in the file, simply note the currency name on the descriptive chart requested in Appendix II Section B (Instructions for Submitting Computer Data - File Formats). However, if a revenue or expense field is expressed in one currency in certain records and another currency in other records, create a companion field that designates the currency for each record with a code or abbreviation.

FIELD NUMBER 17.0: Gross Unit Price

FIELD NAME: GRSUPRH

DESCRIPTION: Report the unit price recorded on the invoice for sales shipped and invoiced in whole or in part. To report portions of sales not shipped, provide the agreed unit sale price for the quantity that will be shipped to complete the order. This value should be the gross price for a single unit of measure. Discounts and rebates should be reported separately in fields numbered 19.n and 20.n, respectively.

FIELD NUMBER 18.1-n: Billing Adjustments

FIELD NAME: BILLADJH

DESCRIPTION: Report any price adjustments made for reasons other than discounts or rebates. State whether these billing adjustments are reflected in your gross unit price.

FIELD NUMBER 19.1: Early Payment Discounts

FIELD NAME: EARLPYH

DESCRIPTION: Report the unit value of any discount granted to the customer for early payment.

NARRATIVE: Explain your policy and practice for granting early payment discounts. Describe the basis for eligibility for such discount. If discounts vary by channel of distribution (field 7.0) or by customer category (field 6.0), provide an explanation of the discounts given to each category. Explain how you calculated the per-unit discount. Where available, provide sample documentation, including sample agreements, for this type of discount.

FIELD NUMBER 19.2: Quantity Discounts

FIELD NAME: QTYDISH

DESCRIPTION: Report the unit value of any discount granted to the customer due to the quantity of the purchase.

NARRATIVE: Explain your policy and practice for granting quantity discounts. Describe the basis for eligibility for such discounts. If discounts vary by channel of distribution (field 7.0) or by customer category (field 6.0), provide an explanation of the discount given to each channel and category. Explain how you calculated the per-unit discount. Provide your quantity discount schedule or other documentation establishing the discount program.

FIELD NUMBER 19.3-n: Other Discounts

FIELD NAME: OTHDIS(1-n)H

DESCRIPTION: Report the unit value of other discounts granted to the customer. Create a separate field for reporting each discount applied.

NARRATIVE: Explain your policy and practice for granting each additional discount. Describe each type of discount granted and the basis for eligibility for such discount. If discounts vary by channel of distribution (field 7.0) or by customer category (field 6.0), provide an explanation of the discounts given to each category. Explain how you calculated each additional per-unit discount. Where available, provide sample documentation, including sample agreements, for each type of discount.

FIELD NUMBER 20.1-n: Rebates

FIELD NAME: REBATE(1-n)H

DESCRIPTION: Report the unit value of each rebate given to the customer. Create a separate field for reporting each rebate program. Rebates should be reported with the sales to which they apply.

NARRATIVE: Explain your policy and practice for granting rebates. Describe the terms and conditions of each rebate program and when the terms and conditions are established in the sales process. If rebates vary by customer category (field 6.0) or channel of distribution (field 7), provide an explanation of the rebates given to each. For rebates that have not yet been paid, describe how you computed the amount to be rebated. Include your worksheets as an attachment to the response. Where available, provide sample documentation, including sample agreements, for each type of rebate.

FIELD NUMBER 21.0 Level of Trade

FIELD NAME: LOTH

DESCRIPTION: Report the **level of trade**. Use an abbreviation or code to indicate the level of trade.

NARRATIVE: Provide a key to any abbreviation or codes used.

FIELD NUMBER 22.0 Level of Trade Adjustment

FIELD NAME: LOTADJH

DESCRIPTION: Report the amount of the claimed **level of trade adjustment**.

NARRATIVE: Explain why you believe a level of trade adjustment is appropriate and provide worksheets demonstrating the calculation of the adjustment as attachments to your response.

Fields 23 through 26 - **Movement Expenses**.

Report the information requested concerning the direct cost incurred to bring the merchandise from the original place of shipment to the customer's place of delivery if included in the price charged to your customer. The Department normally considers the production facility as being the "original place of shipment." However, if you are a reseller unaffiliated with the producer of the merchandise, you should treat the original place from which you shipped the merchandise as the "original place of shipment." If you report something other than the production facility as the original place of shipment, please provide an explanation in your narrative response.

All the costs incurred to transport the merchandise should be reported in these fields. You may add fields, if needed. For merchandise which was sold during the POR but which has not been shipped at the time of preparation of the response, report estimated charges and your basis for these estimates.

The fields listed below anticipate the types of transport expenses commonly incurred on domestic and, in the case of third-country sales, international shipments. However, it is not uncommon for certain of these transport expenses to be combined in a single fee paid a transport company (*e.g.*, combined transport and transport insurance). If expenses are combined, do not attempt to separate them but report them in a single field and explain in your narrative response.

FIELD NUMBER 23.0: Inland Freight - Plant to Distribution Warehouse

FIELD NAME: INLFTWH

DESCRIPTION: Report the unit cost of inland freight from the factory to the distribution warehouse or other intermediate location. Where it is necessary to allocate because multiple items were included in a shipment, freight cost should be allocated on the basis incurred (*e.g.*, weight, volume). If you shipped the product directly from the factory to the customer, report the cost of transport in field 25.

NARRATIVE: Describe the forms of transport you used to deliver the merchandise to your distribution warehouse(s) or other intermediate location and any affiliations you had with the carriers during the POR. If you shipped by common carrier, please submit the specific freight charges incurred on each transaction and the method of allocation, when more than one type or size of merchandise was shipped. If it is not possible to specifically identify the cost of each shipment, describe how you calculated the freight cost per unit. Include your worksheets as attachments to the narrative response.

If you used your own vehicles to deliver the product, explain how you calculated the freight cost for each sale and provide the total expense incurred by type of expense (*e.g.*, fuel). Include your worksheets as attachments to the narrative response.

FIELD NUMBER 24.0: Warehousing Expense

FIELD NAME: WAREHSH

DESCRIPTION: Report the unit cost of **warehousing**. The cost of warehousing reported in this field should include only expenses incurred at a distribution warehouse not located at the factory that produced the merchandise, less any reimbursement received from the customer.

NARRATIVE: Describe the distribution warehousing system you operate and provide a list of the warehouse locations used to distribute the foreign like product. Describe any warehousing services provided to customers. Provide a list of customer names and codes that receive warehousing services, including the name and location of the warehouse used. Also, state whether the warehouse is operated by a separate entity that is affiliated with you and describe the nature of the affiliation.

Describe the manner in which you calculated the unit cost of warehousing and submit your worksheets as an attachment to the narrative response. If the warehouse is owned by you or an affiliate, describe how you allocated the cost of the warehouse operations.

FIELD NUMBER 25.0: Inland Freight - Plant/Warehouse to Customer

FIELD NAME: INLFTCH

DESCRIPTION: Report the unit cost of inland freight to the customer's place of delivery from the factory or the distribution warehouse (or other intermediate location) . Where it is necessary to allocate because multiple items were included in a shipment, freight cost should be allocated on the basis incurred (*e.g.*, weight, volume).

NARRATIVE: Describe the forms of transport you used to deliver the merchandise to your customers and any affiliations you had with the carriers during the POR. If you shipped by common carrier, please submit the specific freight charges incurred on each transaction and the method of allocation, when more than one type or size of merchandise was shipped. If it is not possible to specifically identify the cost of each shipment please describe how you derived the freight cost per unit. Include your worksheets as attachments to the narrative response.

If you used your own vehicles to deliver the product, provide the total expense incurred by type of expense (*e.g.*, fuel) and describe the method you used to allocate the expenses incurred to each sale. Include your worksheets as attachments to the narrative response.

FIELD NUMBER 26.0: Inland Insurance

FIELD NAME: INSUREH

DESCRIPTION: Report the unit cost of inland insurance on shipments from the factory or distribution warehouse to the customer's place of delivery.

NARRATIVE: Describe how you calculated the unit cost of inland insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 27.0: Destination

FIELD NAME: DESTH

DESCRIPTION: Report the internal destination code or other code, such as a postal code, that specifies the customer's place of delivery.

NARRATIVE: Provide a key to the codes and destinations.

Fields 28 through 37.
Report the information requested concerning the selling expenses listed. Include the expenses of any affiliated selling agents instead of the commissions paid to those agents. These expenses will be used to make adjustments for different **circumstances of sale** . Report only **direct expenses** in Fields 28 through 37. Refer to the definitions of **circumstances of sale** and direct and **indirect expenses** in the Glossary of Terms at Appendix I.

FIELD NUMBER 28.0: Commissions

FIELD NAME: COMMH

DESCRIPTION: Report the unit cost of commissions paid to selling agents and other intermediaries. If more than one commission was paid, report each commission in a separate field. Do not report commissions paid to affiliated selling agents unless there is a compelling reason that you cannot report an affiliated agent’s actual expenses.

NARRATIVE: Describe the terms under which commissions were paid and how commission rates were determined. Explain whether the amount of the commission varies depending on the party to whom it is paid and whether that party is affiliated with you. Include samples of each type of commission agreement used.

If you report payments to any affiliated selling agent in lieu of the agent's actual expenses, provide an explanation of why you are unable to report those actual expenses. Indicate whether the commissions were paid at **arm's length** by reference to commission payments to unaffiliated parties in the foreign market and other markets. Submit evidence demonstrating the arm's-length nature of the commissions.

FIELD NUMBER 29.0: Selling Agent

FIELD NAME: SELAGENH

DESCRIPTION: Report the name or internal code designating the commissioned selling agent or intermediary. If more than one commission was paid, report the name or code of each selling agent in a separate field.

NARRATIVE: Provide a list of commissioned selling agents and intermediaries and an internal code for each, the applicable commission rates, and whether the agent is affiliated with you.

FIELD NUMBER 30.0: Selling Agent Relationship

FIELD NAME: SELARELH

DESCRIPTION: Report the code designating affiliation.

1 = Unaffiliated
2 = Affiliated

FIELD NUMBER 31.0: Credit Expenses

FIELD NAME: CREDITH

DESCRIPTION: Report the unit cost of credit computed at the actual cost of short-term debt borrowed by your company in the foreign market. If you did not borrow short-term during the period of review, use a published commercial short-term lending rate.

This expense should be calculated and reported on a transaction-by-transaction basis using the number of days between date of shipment to the customer and date of payment. If actual payment dates are not readily accessible in your accounting system, you may base the calculation on the average age of accounts receivable. If you are paid prior to shipment the imputed benefit will be added to the price.

NARRATIVE: Provide the equation you have used to calculate credit expenses and a worksheet showing the calculation of your average short-term interest rate. Explain the calculation and any other factors that affect

net credit costs, such as compensating deposits to the extent that they were a precondition for acquiring the loan. Indicate the source of the short-term interest rates used in the calculation.

FIELD NUMBER 32.0: Interest Revenue

FIELD NAME: INTREVH

DESCRIPTION: Report the per unit interest charges collected on each sale for late payment of the invoice.

NARRATIVE: Describe the conditions under which you charge customers interest. If the practice varies by channel of distribution or category of customer, explain why it varies and how.

FIELD NUMBER 33.0: Advertising Expenses

FIELD NAME: ADVERTH

DESCRIPTION: Report the unit cost of advertising specifically for the foreign like product that you have "assumed" on behalf of the customer. This is the cost you incurred to advertise to your customer's customers.

Report all advertising expenses incurred to advertise to your customers as part of indirect selling expenses (Field 38).

NARRATIVE: Describe separately advertising programs directed at your customer's customer (*e.g.*, co-op advertising) and advertising programs directed at your customers. Provide separate lists of the expenses incurred for each and provide worksheets demonstrating the allocation of the advertising to your customer's customer to each sale of the foreign like product.

FIELD NUMBER 34.0: Warranty Expense

FIELD NAME: WARRH

DESCRIPTION: Report the unit cost of warranty expenses incurred during the POR. Warranty expense should include only the direct expense less any reimbursement received from the customer or unaffiliated parts suppliers. Report indirect warranty expenses as part of indirect selling expenses (field 38). If you produce different models or types of the merchandise under review, warranty cost should be based upon your experience by model. If this is impractical, express warranty cost on the most product specific basis possible.

NARRATIVE: Describe both the warranty expenses incurred on sales of this merchandise and the reimbursement, if any, received or expected from the customer. Provide lists of the direct and

indirect expenses incurred and worksheets demonstrating the allocation of the direct expense to each sale of the foreign like product. Describe the nature and terms of the warranty provided. Include a copy of each type of warranty agreement as an attachment to the response.

Include a schedule of direct and indirect warranty expenses incurred for the foreign like product for the three most recently completed fiscal years. In addition, calculate a cost per unit for each year.

FIELD NUMBER 35.0: Technical Service Expense

FIELD NAME: TECHSERH

DESCRIPTION: Report the unit cost of **technical services**. Include only the direct expense less any reimbursement received from the customer. Report indirect technical service expenses as part of indirect selling expenses (field 38).

NARRATIVE: Describe the technical services provided, including any service, repair, or consultation, that directly relate to sales of the foreign like product. Describe any reimbursement received for these services. Provide lists of the direct and indirect expenses incurred and worksheets demonstrating the allocation of the direct expense to each sale of the foreign like product.

FIELD NUMBER 36.0: Royalties

FIELD NAME: ROYALH

DESCRIPTION: Report the unit cost of any royalties you paid on the sale of the product. Create a separate field for each royalty paid.

NARRATIVE: Describe each royalty paid to third parties as a result of production or sale. Include a description of all royalties paid in this section of the narrative but include the unit cost of production royalties as a **cost of manufacture** (Section D). The description should include the key terms of the agreements, the names of the parties that granted the rights, and a list of products covered by the agreements.

FIELD NUMBER: 37.1-n: Other Direct Selling Expenses

FIELD NAME: DIRSELH

DESCRIPTION: Report the unit cost of other direct selling expenses you incurred on the sale of the foreign like product which are not reported in other fields. Report each additional direct selling expense in a separate field. Include only the direct expenses incurred less any reimbursement received from the customer. Report the indirect expenses incurred as part of indirect selling expenses (field 38).

NARRATIVE: Describe each type of direct selling expense incurred and your basis for considering it directly related to the sales of the foreign like product. Include lists of the direct and indirect expenses incurred and provide worksheets demonstrating any allocation of the direct expense to each sale of the foreign like product.

Fields 38 and 39.
Report the information requested concerning indirect selling expenses in field 38 and **inventory carrying cost** in field 39. The Department will use these fields to calculate a **CEP offset** adjustment or a commission offset adjustment, where appropriate. Refer to the Glossary of Terms at Appendix 1 for a more complete description of these adjustments. Indirect expenses include all sales overhead expenses (*e.g.*, salesmen's salaries and office rent) plus the indirect expenses excluded from the circumstance of sale adjustments in fields 33 through 37.

FIELD NUMBER 38.0: Indirect Selling Expenses

FIELD NAME: INDIRSH

DESCRIPTION: Report the unit cost of indirect selling expenses (*e.g.*, sales office rent and salesmen's salaries) incurred to sell the product in the foreign market. Where indirect selling expenses have been incurred by the producer and an affiliated reseller, create separate fields for the expenses of each company.

NARRATIVE: Describe the sales overhead expenses incurred. Include a list of the overhead expenses incurred and provide worksheets demonstrating the allocation of these expenses, as well as the indirect expenses excluded from the circumstance of sale adjustments reported in fields

33 through 37 . Where more than one company incurred indirect selling expenses submit separate worksheets for each.

FIELD NUMBER 39.0: Inventory Carrying Costs

FIELD NAME: INVCARH

DESCRIPTION: Report the unit opportunity cost incurred from the time of final production to the time of sale in the foreign market, computed at the actual cost of short-term debt borrowed by your company in the foreign market. If you are a reseller, reported the unit opportunity cost incurred from the time you purchased the merchandise to the time of sale, computed at the actual cost of short-term debt incurred by your company in the foreign market. If you did not borrow short-term during the period of review, use a published commercial short-term lending rate.

NARRATIVE: Describe how the products under review are stored prior to sale and provide the average length of time in inventory prior to sale to the first unaffiliated customer (or to the affiliated customer if you are reporting such sales). The cost reported should be based on the period from the end of production to the date of shipment to the customer. Indicate the source of the short-term interest rate used in the calculation.

FIELD NUMBER 40.0: Packing Cost

FIELD NAME: PACKH

DESCRIPTION: Report the unit cost of packing the foreign like product for sale in the foreign market. Include the cost of labor, materials and overhead. If a product is produced at more than one plant, report the weighted average packing cost of all plants combined.

NARRATIVE: Describe the packing types used in the foreign market. For each type of packing, provide a worksheet that demonstrates the calculation of packing material, labor and overhead for a single unit.

The worksheets should include a list of packing materials, the average cost of each material, and how much of each material was used. In addition, report the average labor hours by packing type and the average labor cost per hour including benefits. Include also a list of overhead expenses incurred in packing and demonstrate how these expenses were allocated to each packing type.

Field 41.

If for each product you sold during the POR in the United States, you sold the identical product in the foreign market, it is not necessary to supply this information. However, if you elect not to supply this information and the Department later determines for any reason that a U. S. sale should be compared to a sale of a similar product in the foreign market, the Department may have to resort to the **facts available**. Refer to **difference in merchandise adjustments** in the Glossary of Terms at Appendix I.

FIELD NUMBER 41.0: Variable Manufacturing Cost

FIELD NAME: VCOMH

DESCRIPTION: Report the actual variable unit cost of manufacturing including materials, labor and overhead derived from the cost accounting system used in the normal course of business.

NARRATIVE: If you are submitting the full cost of production in response to section D of this questionnaire, no additional narrative description is required. However, if you are not submitting a response to section D, provide a comprehensive description of how you derived the reported manufacturing cost and provide your worksheets. The narrative response should include a description of your cost accounting system and a comprehensive discussion of how you derived the variable costs reported. The reported variable manufacturing costs should not differ among products having the same control numbers.

For each product, the worksheets should list separately and provide the derivation of the variable cost of materials, labor and overhead. If you employ a standard cost system, the worksheets should include both the standard cost and the allocated variances used to derive the actual cost. Furthermore, the worksheet should include the derivation of the variance allocation factors.

FIELD NUMBER 42.0: Manufacturer

FIELD NAME: MFRH

DESCRIPTION: If you have sold the foreign like product of more than one manufacturer, identify the manufacturer in each record by the use of a code If the manufacturer is unknown, identify your supplier.

NARRATIVE: If you are not the manufacturer, report the manufacturer of the merchandise in your narrative response and provide a key to the code.

Fields 43 through 50.

Please respond to the following items if you are reporting third-country sales.

FIELD NUMBER 43.0: International Freight

FIELD NAME: INTNFRT

DESCRIPTION: Report the unit cost of ocean freight or air freight expense incurred on shipments from the port of exit in the country of manufacture to the third-country port of entry.

NARRATIVE: Indicate whether the ocean freight carrier is affiliated. Supply any contracts or tariff rate agreements with carriers that apply to the merchandise under review. Describe how you calculated the unit cost of ocean freight and include your worksheets as attachments to the narrative response.

FIELD NUMBER 44.0: Marine Insurance

FIELD NAME: MARNINT

DESCRIPTION: Report the unit cost of marine insurance expense incurred on shipments from the port of exit in the country of manufacture to the third- country port of entry.

NARRATIVE: Describe how you calculated the unit cost of marine insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 45.0: Third-Country Inland Freight from Port to Warehouse

FIELD NAME: INLFPWT

DESCRIPTION: Report the unit cost of any freight expense incurred on shipments from the third-country port of entry to the affiliated reseller's warehouse or other intermediate location. If the sale is direct to an unaffiliated third-country customer, report the unit cost of freight from the port of entry to the unaffiliated customer.

NARRATIVE: Describe how you calculated the unit cost of inland freight and include your worksheets as attachments to the narrative response.

FIELD NUMBER 46.0: Third-Country Inland Freight from Warehouse to the Unaffiliated Customer

FIELD NAME: INLFWCT

DESCRIPTION: Report the unit cost of freight expense incurred on shipments from the affiliated third-country reseller's warehouse or other intermediate location to the unaffiliated customer.

NARRATIVE: Describe how you calculated the unit cost of third-country inland freight and include your worksheets as attachments to the narrative response.

FIELD NUMBER 47.0: Third-Country Inland Insurance

FIELD NAME: TCINLINT

DESCRIPTION: Report the unit cost of third-country inland insurance expense incurred on shipments within the third country.

NARRATIVE: Describe how you calculated the unit cost of third-country inland insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 48.0: Third-Country Brokerage and Handling

FIELD NAME: TCBRKHT

DESCRIPTION: Report the unit cost of any additional brokerage and handling expense incurred on shipments within the third country.

NARRATIVE: Describe how you calculated the unit cost of third-country brokerage and handling and include your worksheets as attachments to the narrative response.

FIELD NUMBER 49.0: Third-Country Customs Duty

FIELD NAME: TCDUTYT

DESCRIPTION: Report the unit amount of any third-country customs duty and customs fees paid on foreign like product.

NARRATIVE: Describe how you calculated the unit cost of third-country customs duties and customs fees and include your worksheets as attachments to the narrative response.

FIELD NUMBER 50.0: Duty Drawback

FIELD NAME: DTYDRAWT

DESCRIPTION: Report the unit amount of any duty drawback received upon exportation of the foreign like product from the country of manufacture to the third country.

NARRATIVE: Explain how the amount of duty drawback received is calculated and submit your worksheets as attachments to the narrative response.

Other Revenues and Expenses.
The fields listed above have been designed to capture all revenues and expenses you have incurred in selling the foreign like product in the foreign market. If there are additional revenues or expenses that are not reported above, create a field for each in the computer file, describe the revenue or expense in your narrative response, and include all calculation worksheets as attachments to your narrative response.

SECTION C

Sales to the United States

I. General Explanation of Section C

This section of the questionnaire provides instructions for reporting your sales of the **subject merchandise** in or to the United States. Normally, we will compare the prices at which this merchandise is sold in the United States with the prices at which the **foreign like product** is sold in the foreign market in order to determine whether the subject merchandise was sold at less than **normal value** in the United States during the period of review ("POR").

II. Computer File of U.S. Sales

In accordance with the instructions provided in this section, prepare a separate computer data file containing each sale made during the POR of the subject merchandise, including sales of further manufactured merchandise. This file format is designed to accommodate **export price** ("EP") and **constructed export price** ("CEP") transactions.

Report each U.S. sale of merchandise entered for consumption during the POR, except: (1) for EP sales, if you do not know the entry dates, report each transaction involving merchandise shipped during the POR; and (2) for CEP sales made after importation, report each transaction that has a **date of sale** within the POR. Do not report canceled sales. If you believe there is a reason to report your U.S. sales on a different basis, please contact the official in charge before doing so.

For sales of merchandise that has been shipped to the customer and invoiced by the time this response is prepared, each "record" in the computer data file should correspond to an invoice line item (*i.e.*, each unique product included on the invoice). For sales of merchandise that have not yet been shipped and invoiced (in whole or in part) to the customer, a "record" should correspond to the unshipped portion of the sale.

Each computer record submitted should contain the information requested concerning the product sold, the terms of the sale, the selling expenses incurred, and other information. The following portion of section C describes the information the Department requires.[22]

III. Summary of Data Fields for the U.S. Sales File

The chart which follows is a summary of the data fields for the U.S. sales computer file which are described in the reminder of this section of the questionnaire. The chart lists the field number, description and name. Please refer to Appendix II Instructions for Computer Tapes and Diskettes for instructions on preparing the electronic file.

[22] Refer also to the Instructions for Computer Tapes and Diskettes at Appendix II.

SECTION C

Summary of U.S. Sales File

FIELD NUMBER	FIELD DESCRIPTION	FIELD NAME
1.0	Complete Product Code	PRODCODU
2.0	Matching Control Number	CONNUMU
3.1 thru 3.n	Product Characteristics	
4.0	Sale Type	SALEU
5.0	Consignment Identifier	CONSIGNU
6.0	Customer Code	CUSCODU
7.0	Customer Category	CUSCATU
8.0	Channel of Distribution	CHANNELU
9.0	Sale Invoice Date	SALINDTU
10.0	Date of Sale	SALEDATU
11.0	Sale Invoice Number	INVOICEU
12.0	Date of Shipment	SHIPDATU
13.0	Date of Receipt of Payment	PAYDATEU
14.0	Terms of Delivery	SALETERU
15.0	Terms of Payment	PAYTERMU
16.0	Quantity	QTYU
17.0	Quantity Unit of Measure	QTYUNITU
18.0	Gross Unit Price	GRSUPRU
19.1-n	Billing Adjustments	BILLADJU
20.1	Early Payment Discounts	EARLPYU
20.2	Quantity Discounts	QTYDISU
20.3-20.n	Other Discounts	OTHDIS1-n U

21.1-21.n	Rebates	REBATEU
22.0	Level of Trade	LOTU
23.0	Inland Freight - Plant to Distribution Warehouse	DINLFTWU
24.0	Warehousing Expense	DWAREHU
25.0	Inland Freight - Plant/Warehouse to Port of Exit	DINLFTPU
26.0	Country of Manufacture Inland Insurance	INSUREU
27.0	Brokerage and Handling	DBROKU
28.0	International Freight	INTNFRU
29.0	Marine Insurance	MARNINU
30.0	U.S. Inland Freight from Port to Warehouse	INLFPWU
31.0	U.S. Warehousing Expense	USWAREHU
32.0	U.S. Inland Freight from Warehouse to the Unaffiliated Customer	INLFWCU
33.0	U.S. Inland Insurance	USINSURU
34.0	Other U.S. Transportation Expense	USOTHTRU
35.0	U.S. Customs Duty	USDUTYU
36.0	Destination	DESTU
37.0	Duty Drawback	DTYDRAWU
38.0	Commissions	COMMU
39.0	Selling Agent	SELAGENU
40.0	Selling Agent Relationship	SELARELU
41.0	Credit Expenses	CREDITU
42.0	Interest Revenue	INTREVU
43.0	Advertising Expenses	ADVERTU
44.0	Warranty Expense	WARRU

45.0	Technical Service Expense	TECHSERU
46.0	Royalties	ROYALU
47.1-n	Other Direct Selling Expenses	DIRSELU
48.1	Indirect Selling Expenses Incurred in the Country of Manufacture	DINDIRSU
48.2	Indirect Selling Expenses Incurred in the United States	INDIRSU
49.1	Inventory Carrying Costs Incurred in the Country of Manufacture	DINVCARU
49.2	Inventory Carrying Costs Incurred in the United States	INVCARU
50.0	Packing Cost	PACKU
51.0	U.S. Repacking Cost	REPACKU
52.0	Value Added Tax	TAXU
53.0	Variable Manufacturing Cost	VCOMU
54.0	Total Manufacturing Cost	TCOMU
55.0	Further Manufacturing	FURMANU
56.0	Foreign Trade Zone	FTZU
57.0	Temporary Import Bond	TEMPIMPU
58.0	Manufacturer	MFRU
59.0	Entered Value	ENTVALUE
60.0	Importer	IMPORTER

IV. Instructions for the Narrative Response and the Computer File of U.S. Sales

The following instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted printouts of the data file. "DESCRIPTION" defines the data you should report in the field of the computer data file, and "NARRATIVE" describes the additional information we request you provide, not in the computer data file, but in a narrative response.

Fields 1 through 3.
Report the information requested concerning the product sold. Fields 1 and 2 are reserved for the product code and a matching control number the Department will use in the calculation of the dumping margin. Fields numbered 3.1 to 3.n specify the product characteristics requested by the Department. You may add additional product characteristics. However, if you add characteristics not specified in the questionnaire, describe in the narrative response why you believe that the Department should use this information to define **identical** and **similar merchandise**. If the product sold was further manufactured in the U.S., report the product code of the product sold in field 1, the control number of the product imported in field 2, and the technical characteristics of the product imported in field 3.1 to 3. n.

FIELD NUMBER 1.0: Complete Product Code

FIELD NAME: PRODCODU

DESCRIPTION: Report the commercial product code assigned by your company in the normal course of business to the specific product sold in the United States.

If the product sold is further manufactured in the United States, report the product code of the product sold not the product imported.

NARRATIVE: The product code should be described in response to question 7 b in section A of this questionnaire.

FIELD NUMBER 2.0: Matching Control Number

FIELD NAME: CONNUMU

DESCRIPTION: Assign a control number to each unique product reported in the section C sales data file. Identical products should be assigned the same control number in each record in every file in which the product is referenced (*e.g.*, products with identical physical characteristics reported in the foreign market sales file and the U.S. market sales file should have the same control number).

If the product sold is further manufactured in the United States, report the control number of the product imported, not of the product sold.

For Department Use only. This box should be deleted prior to sending the questionnaire to respondents.
Fields numbered 3.1 through 3.n are specified for the product characteristics the Department requests each respondent submit. The field names and descriptions should be completed prior to sending the questionnaire to the respondents. A narrative response may be required. For example, if you wish the respondent to provide a description of a particular characteristic, add a "NARRATIVE" request in the field description below.

FIELD NUMBER 3.1:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.2:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.3:

FIELD NAME:

DESCRIPTION:

FIELD NUMBER 3.n:

FIELD NAME:

DESCRIPTION:

Fields 4 through 8.
Report the information requested concerning the sale type, customer and the channel of distribution for the merchandise. In the section A response, you have described the various channels through which you distribute the merchandise. The response to field 8 should correspond to the description you have provided in your response to section A.

FIELD NUMBER 4.0: Sale Type

FIELD NAME: SALEU

DESCRIPTION: Identify the sale as either "EP" (export price) or "CEP" (constructed export price).

FIELD NUMBER 5.0: Consignment Identifier

FIELD NAME: CONSIGNU

DESCRIPTION: Identify the sale as either "C" (consignment sale) or "NC" (non-consignment sale).

FIELD NUMBER 6.0: Customer Code

FIELD NAME: CUSCODU

DESCRIPTION: Report the name of the customer or the internal accounting code designating the customer.

NARRATIVE: Provide a list of customer names and codes as an attachment to your narrative response.

FIELD NUMBER 7.0: Customer Category

FIELD NAME: CUSCATU

DESCRIPTION:
1 = Original Equipment Manufacturers
2 = Trading Companies
3 = Distributors
4 = Retailers
5 - n Specify additional categories as required.

NARRATIVE: Identify any additional categories and indicate the code used for each. Identify any customers that have been classified in more than one customer category and explain the circumstances justifying such treatment.

FIELD NUMBER 8.0: Channel of Distribution

FIELD NAME: CHANNELU

DESCRIPTION: The channels of distribution designated in this field should conform to those described in the response to question 3 in Section A of the questionnaire.

1 = Channel 1
2 = Channel 2
3 - n = Channel 3 - n

NARRATIVE: Identify any additional channels and indicate the codes used for each. The codes for channel of distribution listed above are examples only. You need not use them.

Fields 9 through 15.
Report the information requested concerning the terms of delivery and payment and the dates of the specified events of each sale. Please be sure to report dates in the specified eight-digit format. The Glossary of Terms at Appendix I describes the Department's criteria for determining the date of sale. The criteria used by the Department to determine the date of sale may be different from the criteria you use in your accounting system; please contact the official in charge if, after reviewing the Department's criteria, you are uncertain when a sale has occurred.

FIELD NUMBER 9.0: Sale Invoice Date

FIELD NAME: SALINDTU

DESCRIPTION: Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 10.0: Date of Sale (if different than Sale Invoice Date)

FIELD NAME: SALEDATU

DESCRIPTION: Include this field only if the date of sale is different from the sale invoice date. The appropriate date to use as date of sale should be determined in consultation with the "Official in Charge."

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 11.0: Sale Invoice Number

FIELD NAME: INVOICEU

DESCRIPTION: Report the reference number assigned to the invoice in your accounting system.

NARRATIVE: Describe the invoice numbering system used by each sales entity that originated a sale reported in this data file. Is it simply a sequential number or is additional information included in the code, such as point of sale? If additional information is contained in the code, provide a key describing each component of the code.

FIELD NUMBER 12.0: Date of Shipment

FIELD NAME: SHIPDATU

DESCRIPTION: Report the date of shipment from the factory or distribution warehouse to the customer.

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

FIELD NUMBER 13.0: Date of Receipt of Payment

FIELD NAME: PAYDATEU

DESCRIPTION: Report the date your records indicate payment was received from the customer.

Positions 1 - 4 = Year
Positions 5 & 6 = Month
Positions 7 & 8 = Day

NARRATIVE: Indicate the basis for determining the date of payment and the ledger from which this date was identified. If you cannot collect the dates of payment in the time allowed for responding to this questionnaire, explain why and do not complete this field. If you collect the information but a particular invoice is unpaid, enter zeros in this field for that invoice.

FIELD NUMBER 14.0: Terms of Delivery

FIELD NAME: SALETERU

DESCRIPTION: 1 = Delivered
2 = FOB (specify delivery point; *e.g.*, FOB home market seaport)
3 - n Specify other delivery terms as required.

NARRATIVE: Describe the terms of delivery offered and indicate the code used for each. If the terms vary by channel of distribution, explain how these are related.

The codes for delivery terms listed above are examples only. You need not use them.

FIELD NUMBER 15.0: Terms of Payment

FIELD NAME: PAYTERMU

DESCRIPTION: Report terms of payment granted the customer.

1 = 30 days after invoice.
2 = 60 days after invoice.
3- n Specify other payment terms as required.

NARRATIVE: Describe each of the terms of payment you offer and indicate the code used for each. If the terms vary by channel of distribution, explain how these are related. If the payment terms you offer are tied to early payment discounts or to interest penalties for late payment, please explain. Indicate whether the payment terms are stated or coded on each invoice or, otherwise, how customers agree to payment terms.

The codes for payment terms listed above are examples only. You need not use them.

Fields 16 through 21.
Report the information requested concerning the quantity sold and the price per unit paid in each sale transaction. All **price adjustments** granted, including **discounts** and **rebates**, should be reported in these fields. The gross unit price less price adjustments should equal the net amount of revenue received from the sale. If the invoice to your customer includes separate charges for other services directly related to the sale, such as a charge for shipping, create a separate field for reporting each additional charge. Refer to the Glossary of Terms at Appendix I for a more complete description of each of the price adjustments listed.

FIELD NUMBER 16.0: Quantity

FIELD NAME: QTYU

DESCRIPTION: Report the sale quantity for this transaction. In general, this quantity will be the quantity of the specific shipment or invoice line, net of returns where possible. For sales that have not been fully shipped/invoiced at the time the computer data for this section is prepared, report the quantity of the sale not yet shipped (total quantity sold less the quantity shipped and invoiced to date - and reported in this file in separate records).

For example, assume the date of sale is the date of the customer's order. In the last month the POR a customer orders 100 tons to be shipped in 5 lots of 20 tons each once every 30 days. At the time of preparation of your questionnaire response, 3 of the 5 shipments have been made and an invoice sent for each shipment to the customer.

The file you submit to the Department should contain 4 records: one record for each shipment and invoice and a

fourth record for the unshipped amount of 40 tons. For the record containing the unshipped 40 tons, complete the adjustment fields based on estimates.

NARRATIVE: Explain how returns, if you permit them, affect your sales reported in the general ledger and sales ledger.

FIELD NUMBER 17.0: Quantity Unit of Measure

FIELD NAME: QTYUNITU

DESCRIPTION: Report all sales in this file in the same unit of measure. Use an abbreviation or code to indicate the unit of measure.

1 or MT = metric tons
2 or KG = kilograms
3 - n Specify as needed.

NARRATIVE: Provide a table of the units of measure and abbreviations or codes used.

The codes for delivery terms listed above are examples only. You need not use them.

Fields 18 through 58.
Report the sale price, discounts, rebates and all other revenues and expenses in the currencies in which they were earned or incurred. If a revenue or expense field is expressed in the same currency in all records in the file, simply note the currency name on the descriptive chart requested in Appendix II Section B (Instructions for Submitting Computer Data - File Formats). However, if a revenue or expense field is expressed in one currency in certain records and another currency in other records, create a companion field that designates the currency for each record with a code or abbreviation.

FIELD NUMBER 18.0: Gross Unit Price

FIELD NAME: GRSUPRU

DESCRIPTION: Report the unit price recorded on the invoice for sales shipped and invoiced in whole or in part. To report portions of sales not yet shipped, provide the agreed unit sale price for the quantity that will be shipped to complete the order. This value should be the gross price for a single unit of measure. Discounts and rebates should be reported separately in fields numbered 17.n and 18.n, respectively.

FIELD NUMBER 19.1-n: Billing Adjustments

FIELD NAME: BILLADJU

DESCRIPTION: Report any price adjustments made for reasons other than discounts or rebates. State whether these billing adjustments are reflected in your gross unit price.

FIELD NUMBER 20.1: Early Payment Discounts

FIELD NAME: EARLPYU

DESCRIPTION: Report the unit value of any discount granted to the customer for early payment.

NARRATIVE: Explain your policy and practice for granting early payment discounts. Describe the basis for eligibility for such discount. If discounts vary by channel of distribution (field 8) or by customer category (field 7), provide an explanation of the discounts given to each channel or category. Explain how you calculated the per-unit discount. Where available, provide sample documentation, including sample agreements, for this type of discount.

FIELD NUMBER 20.2: Quantity Discounts

FIELD NAME: QTYDISU

DESCRIPTION: Report the unit value of any discount granted to the customer due to the quantity of the purchase.

NARRATIVE: Explain your policy and practice for granting quantity discounts. Describe the basis for eligibility for such discounts. If discounts vary by channel of distribution (field 8) or by customer category (field 7), provide an explanation of the discount given to each channel and category. Explain how you calculated the per-unit discount. Provide your quantity discount schedule or other documentation establishing the discount program.

FIELD NUMBER 20.3-n: Other Discounts

FIELD NAME: OTHDIS(1-n)U

DESCRIPTION: Report the unit value of other discounts granted to the customer. Create a separate field for reporting each discount granted.

NARRATIVE: Explain your policy and practice for granting each additional discount. Describe each type of discount granted and the basis for eligibility for such discount. If discounts vary by channel of distribution (field 8) or by customer category (field 7), provide an explanation of the discounts given to each category. Explain how

you calculated each additional per-unit discount. Where available, provide sample documentation, including sample agreements, for each type of discount.

FIELD NUMBER 21.1-n: Rebates

FIELD NAME: REBATE(1-n)U

DESCRIPTION: Report the unit value of each rebate given to the customer. Create a separate field for reporting each rebate granted. Rebates should be reported with the sales to which they apply.

NARRATIVE: Explain your policy and practice for granting rebates. Describe the terms and conditions of each rebate program and when the terms and conditions are established in the sales process. If rebates vary by customer category (field 7) or channel of distribution (field 8), provide an explanation of the rebates given to each. For rebates that have not yet been paid, describe how you computed the amount to be rebated. Include your worksheets as an attachment to the response. Where available, provide documentation, including sample agreements, for each type of rebate.

FIELD NUMBER 22.0 Level of Trade

FIELD NAME: LOTU

DESCRIPTION: Report the level of trade. Use an abbreviation or code to indicate the level of trade.

NARRATIVE: Provide a key to any abbreviation or codes used. For CEP sales, the level of trade specified should be that of the sale to your affiliated importer, not the subsequent sale to the first unaffiliated customer.

Fields 23 through 35 - **Movement Expenses**.

Report the information requested concerning the direct cost incurred to bring the merchandise from the original place of shipment to the customer's place of delivery if included in the price charged your customer. The Department normally considers the production facility as being the "original place of shipment." However, if you are a reseller unaffiliated with the producer of the merchandise, you should treat the original place from which you shipped the merchandise as the "original place of shipment." If you report something other than the production facility as the original place of shipment, please provide an explanation in your narrative response.

All the direct costs incurred to transport the merchandise should be reported in these fields. You may add fields, if needed. (Field 34 can be used for other U.S. transportation expenses not requested separately.) For merchandise which was sold during the POR but which has not been shipped at the time of preparation of the response, report estimated charges and your basis for these estimates.

The fields listed below anticipate the types of transport expenses commonly incurred on international shipments. However, it is not uncommon for certain of these transport expenses to be combined in a single fee paid a transport company (*e.g.*, combined ocean transport and U.S. internal transport to the customer's place of delivery). If expenses are combined, do not attempt to separate them but report them in a single field and explain in your narrative response.

FIELD NUMBER 23.0: Inland Freight - Plant to Distribution Warehouse

FIELD NAME: DINLFTWU

DESCRIPTION: Report the unit cost of inland freight from the factory to the distribution warehouse (or other intermediate location) in the country of manufacture. Where it is necessary to allocate because multiple items were included in a shipment, freight cost should be allocated on the basis incurred (*e.g.*, weight, volume). If you ship the merchandise from the factory to the port of exit, report the cost of inland freight in field 25.

NARRATIVE: Describe the forms of transport you used to deliver the merchandise to your distribution warehouse(s) or other intermediate location and any affiliations you had with the carriers during the POR. If you shipped by common carrier, please submit the specific freight charges incurred on each transaction and the method of allocation, when more than one type or size of merchandise was shipped. If it is not possible to specifically identify the cost of each shipment, describe how you calculated the freight cost per unit. Include your worksheets as attachments to the narrative response.

If you used your own vehicles to deliver the product, explain how you calculated the freight cost for each sale and provide the total expense incurred by type of expense (*e.g.*, fuel). Include your worksheets as attachments to the narrative response.

FIELD NUMBER 24.0: Warehousing Expense

FIELD NAME: DWAREHU

DESCRIPTION: Report the unit cost of **warehousing** expenses incurred in the country of manufacture on sales to the United States. The cost of warehousing reported in this field should include only expenses incurred at a distribution warehouse not located at the factory that produced the merchandise, less any reimbursement received from the customer.

NARRATIVE: Describe the distribution warehousing system you operate and provide a list of the warehouse locations used to distribute the merchandise. Describe any warehousing services provided to customers. Provide a list of customer names and codes that receive warehousing services, including the name and location of the warehouse used. Also, state whether the warehouse is operated by a separate entity that is affiliated with you and describe the nature of the affiliation.

Describe the manner in which you calculated the unit cost of warehousing and submit your worksheets as an attachment to the narrative response. If the warehouse is owned by you or an affiliate, describe how you allocated the cost of the warehouse operations.

FIELD NUMBER 25.0: Inland Freight - Plant/Warehouse to Port of Exportation

FIELD NAME: DINLFTPU

DESCRIPTION: Report the unit cost of inland freight to the port of exportation in the country of manufacture from the factory or distribution warehouse (or other intermediate location) . Where it is necessary to allocate because multiple items were included in a shipment, freight cost should be allocated on the basis incurred (*e.g.*, weight, volume).

NARRATIVE: Describe the forms of transport you used to deliver the merchandise to port of exportation in the country of manufacture and any affiliations you had with the carriers during the POR. If you shipped by common carrier, please submit the specific freight charges incurred on each transaction and the method of allocation, when more than one type or size of merchandise was shipped. If it is not possible to specifically identify the cost of each shipment, please describe how you derived the freight cost per unit. Include your worksheets as attachments to the narrative response.

If you used your own vehicles to deliver the product, provide the total expense incurred by type of expense (*e.g.*, fuel) and describe the method you used to allocate the expenses incurred to each sale. Include your worksheets as attachments to the narrative response.

FIELD NUMBER 26.0: Country of Manufacture Inland Insurance

FIELD NAME: INSUREU

DESCRIPTION: Report the unit cost of inland insurance on shipments from the factory or distribution warehouse (or other intermediate location) to the domestic port of exportation in the country of manufacture.

NARRATIVE: Describe how you calculated the unit cost of inland insurance incurred in the country of manufacture and include your worksheets as attachments to the narrative response.

FIELD NUMBER 27.0: Brokerage and Handling

FIELD NAME: DBROKU

DESCRIPTION: Report the unit cost of any brokerage and handling incurred in the country of manufacture on sales to the United States.

NARRATIVE: Describe how you calculated the unit cost of brokerage and handling incurred in the country of manufacture and include your worksheets as attachments to the narrative response.

FIELD NUMBER 28.0: International Freight

FIELD NAME: INTNFRU

DESCRIPTION: Report the unit cost of ocean freight or air freight incurred on shipments from the port of exit in the country of manufacture to the U.S. port of entry.

NARRATIVE: Indicate whether the ocean freight carrier is affiliated. Supply any contracts or tariff rate agreements with carriers that apply to the merchandise under review. Describe how you calculated the unit cost of ocean freight and include your worksheets as attachments to the narrative response.

FIELD NUMBER 29.0: Marine Insurance

FIELD NAME: MARNINU

DESCRIPTION: Report the unit cost of marine insurance incurred on shipments from the port of exit in the country of manufacture to the U.S. port of entry.

NARRATIVE: Describe how you calculated the unit cost of marine insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 30.0: U.S. Inland Freight from Port to Warehouse

FIELD NAME: INLFPWU

DESCRIPTION: For CEP sales, report the unit cost of any freight incurred on shipments from U.S. port of entry to the affiliated reseller's U.S. warehouse or other intermediate location. For EP sales, report the unit cost of freight from the port of entry to an intermediate location.

NARRATIVE: Describe how you calculated the unit cost of inland freight from the port to the warehouse and include your worksheets as attachments to the narrative response.

FIELD NUMBER 31.0: U.S. Warehousing Expense

FIELD NAME: USWAREHU

DESCRIPTION: Report the unit cost of warehousing expenses incurred in the United States. The cost of warehousing reported in this field should include only expenses incurred at a warehouse not located at the distribution facility that sold the merchandise. In the case of merchandise processed further in the United States, report only expenses incurred at a warehouse not located at the facility that processed the merchandise. Reduce the cost of warehousing by any reimbursement received from the customer. Warehousing expenses might be incurred if “just-in-time” delivery or inventory segregation are conditions of sale.

NARRATIVE: Describe the distribution warehousing system you operate and provide a list of the warehouse locations used to distribute the foreign like product. Describe any warehousing services provided to customers. Provide a list of customer names and codes that receive warehousing services, including the name and location of the warehouse used. Also, state whether the warehouse is operated by a separate entity that is affiliated with you and describe the nature of the affiliation.

Describe the manner in which you calculated the unit cost of warehousing and submit your worksheets as an attachment to the narrative response. If the warehouse is owned by you or an affiliate, describe how you allocated the cost of the warehouse operations.

FIELD NUMBER 32.0: U.S. Inland Freight from Warehouse to the Unaffiliated Customer

FIELD NAME: INLFWCU

DESCRIPTION: For CEP sales, report the unit cost of freight incurred on shipments from the affiliated U.S. reseller to the U.S. unaffiliated customer. For EP sales, report the unit cost of freight to the customer from the port of entry or an intermediate location .

NARRATIVE: Describe how you calculated the unit cost of freight from the warehouse or other intermediate location and include your worksheets as attachments to the narrative response.

FIELD NUMBER 33.0: U.S. Inland Insurance

FIELD NAME: USINSURU

DESCRIPTION: Report the unit cost of U.S. inland insurance incurred on shipments within the United States.

NARRATIVE: Describe how you calculated the unit cost of U.S. inland insurance and include your worksheets as attachments to the narrative response.

FIELD NUMBER 34.0: Other U.S. Transportation Expense

FIELD NAME: USOTHTRU

DESCRIPTION: Report the unit cost of any additional transportation expense incurred in the United States.

NARRATIVE: Describe the expense and how you calculated the unit cost and include your worksheets as attachments to the narrative response.

FIELD NUMBER 35.0: U.S. Customs Duty

FIELD NAME: USDUTYU

DESCRIPTION: Report the unit amount of any customs duty paid on the subject merchandise. Include the unit cost of the U.S. customs processing fee and the U.S. harbor maintenance fee.

NARRATIVE: Describe how you calculated the unit cost of U.S. customs duties and customs fees and include your worksheets as attachments to the narrative response.

FIELD NUMBER 36.0: Destination

FIELD NAME: DESTU

DESCRIPTION: Report the U.S. postal "ZIP" code of the customer's place of delivery.

FIELD NUMBER 37.0: Duty Drawback

FIELD NAME: DTYDRAWU

DESCRIPTION: Report the unit amount of any duty drawback received upon exportation of the subject merchandise to the United States.

NARRATIVE: Explain how the amount of duty drawback received is calculated and submit your worksheets as attachments to the narrative response.

Fields 38 through 47.
Report the information requested concerning the selling expenses listed. Include the expenses of any affiliated selling agents instead of the commissions paid to those agents. These expenses will be used to make adjustments for different **circumstances of sale** or CEP deductions. Report only direct expenses in Fields 38-47. Refer to the definitions of circumstances of sale and **direct and indirect expenses** in the Glossary of Terms at Appendix I.

FIELD NUMBER 38.0: Commissions

FIELD NAME: COMMU

DESCRIPTION: Report the unit cost of commissions paid to selling agents and other intermediaries. If more than one commission was paid, report each commission in a separate field. Do not report commissions paid to affiliated selling agents unless there is a compelling reason that you cannot report an affiliated agent's actual expenses.

NARRATIVE: Describe the terms under which commissions were paid and how commission rates were determined. Explain whether the amount of the commission varies depending on the party to whom it is paid and whether that party is affiliated with you. Include samples of each type of commission agreement used.

If you report payments to any affiliated selling agent in lieu of the agent's actual expenses, provide an explanation of why you are unable to report those actual expenses. Indicate whether the commissions were paid at **arm's length** by reference to payments to unaffiliated parties in the United

States, the foreign market and other markets. Submit evidence demonstrating the arm's-length nature of the commissions.

FIELD NUMBER 39.0: Selling Agent

FIELD NAME: SELAGENH

DESCRIPTION: Report the name or internal code designating the commissioned selling agent or intermediary. If more than one commission was paid, report the name and code of each selling agent in a separate field.

NARRATIVE: Provide a list of commissioned selling agents and intermediaries and an internal code for each, the applicable commission rates, and whether the agent is affiliated with you.

FIELD NUMBER 40.0: Selling Agent Relationship

FIELD NAME: SELARELU

DESCRIPTION: Report the code designating affiliation.

1 = Unaffiliated
2 = Affiliated

FIELD NUMBER 41.0: Credit Expenses

FIELD NAME: CREDITU

DESCRIPTION: Report the unit cost of credit computed at the actual cost of short-term debt incurred by your company. It is preferable to use a rate paid on short-term borrowings in U.S. dollars. If you have not borrowed in U.S. dollars, use a U.S. published commercial short-term lending rate.

This expense should be calculated and reported on a transaction-by-transaction basis using the number of days between date of shipment to the customer and date of payment. If actual payment dates are not readily accessible in your accounting system, you may base the calculation on the average age of accounts receivable. If you are paid prior to shipment the imputed benefit will be added to the price.

NARRATIVE: Provide the equation you have used to calculate credit expenses and a worksheet showing the calculation of your average short-term interest rate. Explain the calculation and any other factors that affect net credit costs, such as compensating deposits to the extent that they were a precondition for acquiring the loan. Indicate the source of the short-term interest rates used in the calculation.

FIELD NUMBER 42.0: Interest Revenue

FIELD NAME: INTREVU

DESCRIPTION: Report the per unit interest charges collected on each sale for late payment of the invoice.

NARRATIVE: Describe the conditions under which you charge customers interest. If the practice varies by channel of distribution or category of customer, explain why it varies and how.

FIELD NUMBER 43.0: Advertising Expenses

FIELD NAME: ADVERTU

DESCRIPTION: Report the unit cost of advertising specifically for the subject merchandise that you have paid on behalf of your customer. This is the cost you incurred to advertise to your customer's customers.

Report all advertising expenses incurred to advertise to your customers as part of indirect selling expenses (Field 48.n)

NARRATIVE: Describe separately advertising programs directed at your customer's customer (*e.g.*, co-op advertising) and advertising programs directed at your customers. Provide separate lists of the expenses incurred for each and provide worksheets demonstrating the allocation of the advertising to your customer's customer to each sale of the subject merchandise.

FIELD NUMBER 44.0: Warranty Expense

FIELD NAME: WARRU

DESCRIPTION: Report the unit cost of warranty incurred during the POR. Warranty expense should include only the direct expense less any reimbursement received from the customer or unaffiliated parts suppliers. Report indirect warranty expenses as part of indirect selling expenses (field 48.n). If you produce different models or types of the merchandise under review, warranty cost should be based upon your experience by model. If this is impractical, express warranty cost on the most product-specific basis possible.

NARRATIVE: Describe both the warranty expenses incurred on sales of this merchandise and the reimbursement, if any, received or expected from the customer. Provide lists of the direct and indirect expenses incurred and worksheets demonstrating the allocation of the direct expense to each sale of the foreign like product. Describe the nature and terms of the warranty provided. Include a copy of each type of warranty agreement as an attachment to the response.

Include a schedule of direct and indirect warranty expenses incurred for the subject merchandise for the three most recently completed fiscal years. In addition, calculate a cost per unit for each year.

FIELD NUMBER 45.0: Technical Service Expense

FIELD NAME: TECHSERU

DESCRIPTION: Report the unit cost of technical services. Include only the direct expense less any reimbursement received from the customer. Report indirect technical service expenses as part of indirect selling expenses (field 48.n).

NARRATIVE: Describe the technical services provided, including any service, repair, or consultation, that directly relate to sales of the subject merchandise. Describe any reimbursement received for these services. Provide lists of the direct and indirect expenses incurred and worksheets demonstrating the allocation of the direct expense to each sale of the subject merchandise.

FIELD NUMBER 46.0: Royalties

FIELD NAME: ROYALU

DESCRIPTION: Report the unit cost of any royalties you paid on the sale of the product. Create a separate field for each royalty paid.

NARRATIVE: Describe each royalty paid to third parties as a result of production or sale. Include a description of all royalties paid in this section of the narrative but include the unit cost of production royalties as a cost of manufacture (Section D). The description should include the key terms of the agreements, the names of the parties that granted the rights, and a list of products covered by the agreements.

FIELD NUMBER: 47.1-n: Other Direct Selling Expenses

FIELD NAME: DIRSELU

DESCRIPTION: Report the unit cost of other direct selling expenses you incurred on sales of the subject merchandise which are not reported in other fields. Report each additional direct selling expense in a separate field. Include only the direct expenses incurred less any reimbursement received from the customer. Report the indirect expenses incurred as part of indirect selling expenses (field 48.n).

NARRATIVE: Describe each type of direct selling expense incurred and your basis for considering it directly related to the sales of the subject merchandise. Include lists of the direct and indirect expenses incurred and provide worksheets demonstrating any allocation of the direct expenses to each sale of the subject merchandise.

Fields 48 and 49.
Report the information requested concerning indirect selling expenses included in field 48 and **inventory carrying cost** in field 49. When you complete these fields, please do so for both types of U.S. sales, EP and CEP. The Department will use these fields to calculate **CEP** or a commission offset adjustment, where appropriate. Refer to the Glossary of Terms at Appendix I for a more complete description of these. Report those indirect selling expenses and inventory carrying costs that are incurred in the country of manufacture of the subject merchandise in separate fields from those expenses incurred in the United States. Indirect selling expenses include all sales overhead expenses (*e.g.*, salesmen's salaries and office rent) as well as the indirect expense categories excluded from the direct expenses recorded in fields 43 through 47.

FIELD NUMBER 48.1: Indirect Selling Expenses Incurred in the Country of Manufacture

FIELD NAME: DINDIRSU

DESCRIPTION: Report the unit cost of indirect selling expenses (*e.g.*, sales office rent, salesmen's salaries) incurred in the country of manufacture to sell the product to the United States. Where indirect selling expenses have been incurred by the producer and an affiliated reseller, create separate fields for the expenses of each company.

NARRATIVE: Describe the sales overhead expenses incurred in the home market. Include a list of the overhead expenses incurred and provide worksheets demonstrating the allocation of these expenses plus the indirect expenses excluded from the circumstance of sale adjustments in fields 43 through 47 to each sale of the subject merchandise. Where more than one company incurred indirect selling expenses submit separate worksheets for each.

FIELD NUMBER 48.2: Indirect Selling Expenses Incurred in the United States

FIELD NAME: INDIRSU

DESCRIPTION: Report the unit cost of indirect selling expenses incurred in the United States. Where indirect selling expenses have been incurred by more than one affiliated reseller, create separate fields for the expenses of each company.

NARRATIVE: Describe the sales and administrative overhead expenses (*e.g.*, office rent, salesmen's salaries) incurred in the United States. Include a list of the overhead expenses incurred and provide worksheets demonstrating the allocation of these expenses plus the indirect expenses excluded from the circumstance of sale adjustments in fields 43 through 47 to each sale of the subject merchandise. Where more than one company incurred indirect selling expenses, submit separate worksheets for each.

FIELD NUMBER 49.1: Inventory Carrying Costs Incurred in the Country of Exportation

FIELD NAME: DINVCARU

DESCRIPTION: For CEP sales, report the unit opportunity cost incurred from the time of final production to the time of arrival in the United States computed at the actual cost of short-term debt incurred by your company in the country of exportation. If you are a reseller, report the unit opportunity cost incurred from the time you purchased the merchandise to the time of arrival in the United States computed at the actual cost of short-term debt incurred by your company in the country of exportation. If you did not have short-term borrowings during the period of review, use a published commercial short-term lending rate.

For EP sales, report the unit opportunity cost incurred from the time of final production (or time of purchase) in the country of manufacture to the time of shipment to the United States computed at the same rate of interest as the CEP adjustment described above.

NARRATIVE: Describe how the products under review are stored prior to sale. Provide the average length of time in inventory in the country of manufacture and provide separately the average length of time of shipment from the country of manufacture to the United States. Indicate the source of the short-term interest rate used in the calculation. Include your worksheets as attachments to the response.

FIELD NUMBER 49.2: Inventory Carrying Costs Incurred in the United States

FIELD NAME: INVCARU

DESCRIPTION: For CEP sales, report the unit opportunity cost incurred from the time of arrival in the United States until the time of shipment from the warehouse or other intermediate location in the United States to the first unaffiliated customer.

Compute the adjustment at the actual cost of U.S. dollar denominated short-term debt incurred by your company. If you have not borrowed in U.S. dollars, use a U.S. published commercial bank prime short-term lending rate.

NARRATIVE: Describe how the products under review are stored in the United States prior to sale and the average length of time in inventory in the United States. Indicate the source of the short-term interest rate used in the calculation. Include your worksheets as attachments to the response.

FIELD NUMBER 50.0: Packing Cost

FIELD NAME: PACKU

DESCRIPTION: Report the unit cost of packing the subject merchandise for shipment to the United States. Include the cost of labor, materials and overhead. If a product is produced at more than one plant, report the weighted average packing cost of all plants combined. Report any costs associated with repacking the merchandise in the U.S. separately under field 51.

NARRATIVE: Describe the types of packing used to prepare the subject merchandise for shipment to the United States. For each type of packing, provide a worksheet that demonstrates the calculation of packing material, labor and overhead for a single unit.

The worksheets should include a list of packing materials, the average cost of each material, and how much of each material was used. In addition, report the average labor hours by packing type and the average labor cost per hour including benefits. Include also a list of overhead expenses incurred in packing and demonstrate how these expenses were allocated to each packing type.

FIELD NUMBER 51.0: U.S. Repacking Cost

FIELD NAME: REPACKU

DESCRIPTION: For CEP sales, report the unit cost of any repacking in the United States. Include the cost of labor, materials and overhead.

NARRATIVE: Describe any repacking that occurs in the United States. For each type of packing, provide a worksheet that demonstrates the calculation of packing material, labor and overhead for a single unit.

The worksheets should include a list of packing materials, the average cost of each material, and how much of each material was used. In addition, report the average labor hours by packing type and the average labor cost per hour including benefits. Include also a list of overhead expenses incurred in packing and demonstrate how these expenses were allocated to each packing type.

FIELD NUMBER 52.0: Value Added Tax

FIELD NAME: TAXU

DESCRIPTION: If you pay value-added taxes on your merchandise sold to the United States and those taxes are not rebated upon export, report them here. If you paid no such taxes, you may omit this field and note in your narrative response that it does not apply.

NARRATIVE: Provide a complete description of the value-added taxes, including the tax rate and tax base. Include copies of all relevant tax laws.

Fields 53 and 54.
If for each product you sold during the POR in the United States, you sold the identical product in the foreign market, it is not necessary to supply this information. However, if you elect not to supply this information and the Department later determines that a U.S. sale should be compared to a sale of a similar product in the foreign market, the Department may have to resort to the **facts available**. Refer to **difference in merchandise adjustments** in the Glossary of Terms at Appendix I.

FIELD NUMBER 53.0: Variable Manufacturing Cost

FIELD NAME: VCOMU

DESCRIPTION: Report the actual variable unit cost of manufacturing including materials, labor and overhead derived from the cost accounting system used in the normal course of business.

NARRATIVE: If you are submitting the full cost of production in response to section D of this questionnaire, no additional narrative description is required. However, if you are not submitting a response to section D, provide a comprehensive description of how you derived the reported

manufacturing cost and provide your worksheets. The narrative response should include a description of your cost accounting system and a comprehensive discussion of how you derived the variable and fixed costs reported in fields 53 and 54. The reported manufacturing costs should not differ among products having the same control numbers.

For each product, the worksheets should list separately and provide the derivation of the variable cost of materials, labor and overhead plus the cost of fixed overhead to compute the total manufacturing cost (Field 54). If you employ a standard cost system, the worksheets should include both the standard cost and the allocated variances used to derive the actual cost. Furthermore, the worksheet should include the derivation of the variance allocation factors.

FIELD NUMBER 54.0: Total Manufacturing Cost

FIELD NAME: TCOMU

DESCRIPTION: Report the total unit cost of manufacturing including materials, labor and variable and fixed overhead.

NARRATIVE: Refer to the narrative description for field 53.

FIELD NUMBER 55.0: Further Manufacturing

FIELD NAME: FURMANU

DESCRIPTION: If you are required to report the cost of further manufacture or assembly ("**further manufacture**")performed in the United States, record the unit cost in this field. This value is the total unit cost reported in the computer data file prepared in response to questionnaire Section E - Cost of Further Manufacturing Performed in the United States.

If you have incurred further manufacturing cost in the United States but are not required to report the cost, record the code "FM" in this field for each sale of a further manufactured product. Enter a zero in this field for sales of products that have not been further manufactured.

NARRATIVE: If you further manufacture subject merchandise in the United States, please contact the official in charge immediately. You may be required to respond to Section E of this questionnaire. No additional narrative description is required for this field. Refer to Section A question 8.

FIELD NUMBER 56.0: Foreign Trade Zone

FIELD NAME: FTZU

DESCRIPTION: Identify all sales of merchandise shipped into foreign trade zones in the United States by recording the code "FTZ" in this field. If you shipped the subject merchandise to an affiliate in an FTZ that further processed the merchandise into products not within the description of merchandise in Appendix III prior to entry into U.S. customs territory, separately identify these transactions with the code “FTZA”. If the merchandise entered U.S. customs territory without being further processed into products not within the description of the merchandise, enter the code “FTZB”.

For merchandise that was not shipped into foreign trade zones or was entered for consumption prior to admission to a foreign trade zone, enter a zero in this field. If none of your merchandise was shipped into a foreign trade zone, you may omit this field entirely and note in your narrative response that it does not apply.

NARRATIVE: Explain the circumstances that pertained to FTZ transactions. State whether you, your U.S. affiliate, or an unaffiliated firm entered (or may have entered) the merchandise into the Customs territory of the United States.

FIELD NUMBER 52.0 Temporary Import Bond

FIELD NAME: TEMPIMPU

DESCRIPTION: Identify all sales of merchandise that you knew were imported under temporary import bonds by recording the code “TIB” in this field. If the subject merchandise entered into the United States under a temporary import bond and was processed further by an affiliate into products not within the description of merchandise (see Appendix V) prior to entry into U.S. customs territory, separately identify these transactions with the code "TIBA". If the merchandise entered U.S. customs territory without being further processed into products not within the description of the merchandise, enter the code “TIBB”.

For merchandise that was not shipped under a temporary import bond, enter a zero in this field. If none of your merchandise was imported under a temporary import bond, you may omit this field entirely and note in your narrative response that it does not apply.

NARRATIVE: Explain the circumstances that pertained to sales of merchandise imported under temporary import bonds. State whether you, your U.S. affiliate, or an unaffiliated firm entered (or may have entered) the merchandise into the Customs territory of the United States.

FIELD NUMBER 58.0: Manufacturer

FIELD NAME: MFRU

DESCRIPTION: If you have sold the foreign like product of more than one manufacturer, identify the manufacturer in each record by the use of a code If the manufacturer is unknown, identify your supplier.

NARRATIVE: If you are not the manufacturer, report the manufacturer of the merchandise in your narrative response and provide a key to the code.

FIELD NUMBER 59.0 Entered Value

FIELD NAME: ENTVALUE

DESCRIPTION: For CEP sales made after importation, report the average unit entered value (U.S. Customs value) during the POR for the specific product (*e.g.*, model) of the sale. For other sales, report the actual unit entered value (U.S. Customs value), if known. Report the entered value for all CEP sales and for EP sales for which this information is known.

FIELD NUMBER 60.0 Importer

FIELD NAME: IMPORTER

DESCRIPTION: Report the U.S. importer of record. If unknown, place the code "UNK" in this field. For CEP sales made after importation, indicate the importer of the subject merchandise entered during the POR.

NARRATIVE: Provide a list of importers of record with any codes or abbreviations you used to identify them. If you (or an affiliate) were the importer of record for any EP sale(s), please explain the circumstances. If you or an affiliate were not the importer of record for any CEP sale(s), please explain the circumstances. Also, if more than one affiliate was an importer of the subject merchandise during the POR, please explain the functions of each and the circumstances under which each imported the subject merchandise.

Other Revenues and Expenses.

The fields listed above have been designed to capture all revenues and expenses you have incurred in selling the subject merchandise in the United States market. If there are additional revenues or expenses that are not reported above, such as export taxes incurred in the country of manufacture, create a field for each in the computer file, describe the revenue or expense in your narrative response, and include all calculation worksheets as attachments to your narrative response.

SECTION D

Cost of Production and Constructed Value

I. General Explanation of Section D Questionnaire

This section of the antidumping questionnaire provides instructions for reporting the **cost of production** ("COP") of the **foreign like product** and the **constructed value** ("CV") of the **subject merchandise**. Please refer to the cover letter to determine your reporting requirements.

If you have questions concerning any part of the section D questionnaire, you are instructed to contact the official in charge. Please note, however, that requests by your company to alter the reporting of the information requested in the section D questionnaire should be submitted in writing to the Department.

A. Cost of Production

Cost of production is the weighted-average control number ("CONNUM") specific cost[23] of the product sold by your company in the comparison market (*i.e.*, the home or third country market). The Department will compare the COP to the sale prices for that product in the comparison market to determine whether those prices can be used as the basis for normal value. Unless otherwise instructed by the Department, you should report per-unit COP information for each CONNUM included in your home market or third country sales listing submitted in response to section B of this questionnaire.

B. Constructed Value

Constructed value is the weighted-average CONNUM specific cost of the product sold by your company in the U.S. market, plus an amount for profit. Because CV is a type of normal value, selling, general and administrative ("SG&A") expenses and profit are computed as if the merchandise had been sold in your comparison market.[24] Unless otherwise instructed by the Department, you should report per-unit CV information for each CONNUM included in your U.S. market sales listing submitted in response to section C of this questionnaire.

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23 There should be a single weighted-average cost for each CONNUM as defined by the Department's product characteristics.

24 If you did not sell the foreign like product in the comparison market and thus are relying on CV as the basis for normal value, please notify the Department in writing.

C. Reporting Period for Cost of Production and Constructed Value

Calculate reported COP and CV figures based on the actual costs incurred by your company during the period of review ("POR"), as recorded under your company's normal accounting system.[25] If you have any questions regarding the appropriate cost calculation period for the merchandise under consideration, notify the Department in writing before preparing your response to this section of the questionnaire.

D. Weighted-Average COP and CV

Calculate reported COP and CV figures on a weighted-average basis using the CONNUM specific production quantity, regardless of market sold, as the weighting factor. Thus, each CONNUM should be assigned only one cost, regardless of the market or markets in which the product(s) were sold. If more than one unique product produced at a domestic facility falls within the definition of a specific CONNUM, determine first the weighted-average CONNUM specific costs at that facility; then calculate the company-wide weighted-average CONNUM specific costs. If you have any questions regarding how to compute the weighted-average cost of the merchandise under consideration, notify the Department in writing before preparing your response to this section of the questionnaire.

II. General Information

The production process, financial accounting, and cost accounting information requested below is necessary for the Department to better understand your company's operations, its products and production processes, and its financial and cost accounting practices. Therefore, you should provide complete narrative responses to each of the items listed below.

A. Products and Production Processes

Provide a description of your company's production process for the merchandise under consideration.[26] Your description should address each of the items 1 through 8 listed below.

1. Provide a description of your company's production facilities. If production of the merchandise under consideration takes place at more than one facility, identify each facility and describe the production activities that take place at each facility. Identify all products manufactured at each facility, including products not under consideration.

[25] If your company's fiscal year ends within three months of the POR, you may contact the official in charge to determine whether you can report COP and CV based on your company's fiscal year.

[26] If you have already provided a description of your company's production process in response to section A of this questionnaire, you may repeat that description or refer to the page numbers in that part of your response where the information is presented. However, your response must address each of the items noted in parts II.A.1 through 8 of this section of the questionnaire. If it does not, provide the description of your company's production process in this section of your response and supplement it accordingly with the requested information.

2. Provide a flowchart of the production process for the merchandise under consideration. Please supplement your flowchart with descriptions of each stage in the process.

3. List all joint products, byproducts, and scrap that result from producing the merchandise under consideration. Describe why your company considers these items to be joint products, byproducts, or scrap.

4. State whether your internal product codes used for production control, cost accounting and inventory records differ from those used for sales purposes. Provide a key to the internal product codes used in the production process, cost accounting, and inventory records. Include an explanation of the full range of prefixes, suffixes, or other notations that identify special features.

5. List **all** inputs used to produce the merchandise under consideration, including specific types of raw materials, labor, energy, subcontractor services, research and development, *etc*.

6. Identify those inputs, and other items (*e.g.*, fixed assets, services, *etc*.), that your company receives from affiliated parties. For each item received from an affiliated party, provide the name of the affiliated party and state the nature of the affiliation. Finally, state whether the transfer price of the good or service reflects the market price of the item, in the market under consideration.[27]

7. List the **major** inputs purchased from affiliated parties that are used to produce the merchandise under consideration during the cost calculation period. A major input is an essential component of the finished merchandise which accounts for a significant percentage of the total cost of manufacturing incurred to produce one unit of the merchandise under consideration. For each major input identified, complete the following chart (*i.e.,* complete a separate chart for each major input):

Name of Major Input	Total Volume Purchased	Total Value Purchased	Average Price	Affiliated Supplier's COP	% Supplier-Specific Purchases Represent of Total Purchases of that Input ((b) Value / (a) Value)	% Input Represents of COM (Consumption Value of Input / Total COM)[28]
Name(s) of Affiliated Supplier(s)	(b)	(b)	(e)	(f)	(g)	
Unaffiliated Supplier(s)	(c)	(c)	(d)			
Total	(a)	(a)				(g)

The letters below are descriptions of the corresponding letters contained in the chart:

[27]In reporting CONNUM specific per-unit COP and CV figures under section IV below, report the "cost" of affiliated purchases in accordance with the amounts as recorded in your normal accounting system.

[28]Base the percentage on the values recorded in your normal accounting system. Use the consumption value and total COM of the merchandise under consideration into which the item in question was an input. State whether the item in question is an input for only certain models.

a. the total volume and value (as recorded under your company's normal accounting system) of the input purchased from all sources by your company during the cost calculation period;

b. the total volume and value of the input purchased from each affiliated supplier (list and identify each affiliated supplier separately);

c. the aggregate volume and value of the input purchased from unaffiliated parties during the same period;

d. the average unit market value per unaffiliated supplier(s) (note, if there are no such purchases but your affiliated supplier sells the identical input to unaffiliated customers in the market under consideration, in a separate schedule provide the average price paid for the input by the unaffiliated purchasers);

e. the average unit transfer price for each affiliated supplier;

f. if you are responding to this section of the questionnaire in connection with an investigation of sales below cost, or you were unable to obtain a market value for the input, provide the product specific per-unit cost of production[29] incurred by each affiliated supplier producing the major input (list and identify each affiliated supplier separately); and,

g. complete the rest of the chart accordingly.

8. Identify and describe all internal tax programs that assess taxes on purchases of inputs used to produce the merchandise under consideration. Identify the tax rate associated with each internal tax. Explain whether the tax is rebated or not collected on exports. If it is collected and not rebated upon export, but it is recovered through some other means, explain how (*e.g.*, through home country sales, export sales, or some other means). If you did not recover such internal taxes paid during the POR through either home market sales, export sales, or some other means, report the net amount incurred for each type of internal tax during the cost calculation period.

B. Financial Accounting Systems and Policies

Describe your company's financial accounting practices and the system it uses to accumulate and summarize accounting data for purposes of preparing financial statements. Your description should address each of the items listed below.

1. State whether your company's financial accounting practices are in accordance with generally accepted accounting principles ("GAAP") practiced in the country in which the merchandise under consideration is produced. If not, explain all differences.

2. Provide a flowchart illustrating your company's financial accounting books and record keeping system. Show in your flowchart all subsidiary ledgers and reports

[29]The product specific per-unit cost of production should include movement costs incurred by the affiliated supplier for shipping the good to the respondent and a portion of your affiliate's SG&A and interest expenses. Provide a worksheet showing the cost build-up. The cost build-up should be based on the affiliate's normal accounting system.

generated by your company's financial accounting system (*e.g.*, subsidiary ledgers maintained for raw materials purchases, inventories, sales, accounts receivable, *etc*.).

3. Explain your financial accounting practices with regard to the following:

a. valuation methodologies for raw materials, work-in-process, finished goods inventories, and cost of goods sold;

b. fixed asset valuation, revaluation, depreciation, and treatment of idled assets;

c. whether the depreciation methodology or useful lives of any assets have changed within two years of the beginning of the POR (provide a summary table of the useful lives of each class of assets);

d. inventory write-off and write-down methods for raw materials, work-in-process, and finished goods;

e. income and expense accounts requiring year-end and periodic provisions, accruals, and other adjustments;

f. treatment of exchange gains and losses, on both a consolidated and unconsolidated financial statement basis, resulting from foreign currency transactions and from translations of year-end asset and liability balances;

g. capitalization of general and administrative expenses or interest expenses as part of inventory or fixed asset valuation;

h. plant closure, shut-down (including periods for maintenance and retooling), or restructuring costs (state whether you recognized any expenses during the cost calculation period as a result of shut-downs, closures, or restructuring during previous periods);

i. changes in accounting methods (*e.g.*, accounting principles or estimates) that have taken place since the most recent segment of this proceeding for which your company submitted COP or CV data; and,

j. the effects of inflation on financial statement information.

C. Cost Accounting Systems and Policies

1. Describe your company's normal cost accounting system and how it is used to record, classify, aggregate, and allocate the costs incurred to produce the merchandise under consideration in the normal course of business. Your narrative should illustrate how the system records and reports costs for the merchandise throughout the production process and identify the various subsidiary cost ledgers and reports maintained. Begin your narrative by identifying whether your company uses a job order, process, operations, or other type of cost accounting system.[30]

[30] Job order system - Under a job order costing system, product costs are obtained by allocating costs to a specific unit or to a small batch of products that proceed through the production steps as a distinct identifiable job lot.

Process costing system - Under a process costing system, product costs are obtained by allocating costs to masses of like units that usually

2. Describe how the company's cost accounting system reconciles to the financial accounting system.

3. List and describe all reports generated by your company's cost accounting system. List and describe all reports generated by your company's production control system. List and describe all reports prepared for reporting cost and production information to management.

4. Describe the level of product specificity over which your company's cost accounting system normally captures production costs. Explain how the product specific costs recorded in your normal accounting system compare to the weighted-average CONNUM specific costs reported for COP and CV.

5. List the direct cost centers included as part of your company's cost accounting system. Identify those cost centers through which the merchandise under consideration passes during production and describe the operations that take place at each of the direct cost centers. Explain how materials, labor, and other direct costs incurred at each cost center are recorded and charged to the merchandise produced. If direct costs are allocated to individual units of the merchandise at these cost centers, then state the basis for the allocation.

6. List the indirect or other common cost centers included as part of your company's cost accounting system. If not already included as part of your narrative, describe the operations that take place in each of those cost centers and how the costs of those operations are accumulated and recorded. Explain how the costs accumulated by each indirect or common cost center are allocated to the direct cost centers listed pursuant to item 5 above and state the basis for the allocation.

7. Explain how your company's cost accounting system accounts for unfinished units (*i.e.*, work-in-process) within each cost center at the end of an accounting period. If it involves special calculations (*e.g.*, calculation of equivalent units of production), explain the calculation methodology.

8. If your company's cost accounting system is based on standard or budgeted costs, then provide the following information:

   a. list each variance recorded under your company's cost accounting system and how they are used by management in the normal course of business; for each variance, identify the level of product specificity for which the variance is measured and the types of costs included in the variance;

   b. the period for which your company computes and records each type of variance;

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proceed in continuous fashion through a series of uniform production steps.

Operations costing system - An operations costing system represents a hybrid of job order and process costing systems. Under an operations costing system, distinctions are made between batches of product. Materials are specifically allocated to the batches, and conversion costs are computed for each operation undergone during production.

c. the methods used to develop each variance used in your company's cost accounting system;

d. a description of how the standard or budgeted costs (*e.g.*, input prices, usage, *etc.*) were calculated and the frequency with which your company revises its cost accounting standards or budgeted costs, including the dates on which the latest revisions were made for input price and usage for merchandise under consideration and merchandise not under consideration; and,

e. the disposition of favorable or unfavorable variances (including under- or over-applied overhead) resulting from production operations during each accounting period (*e.g.*, charge to cost of sales, prorate between cost of sales and inventory balances).

9. Describe the method used under your company's cost accounting system to account for scrap generated at each stage of the production process. State whether the scrap material generated is reintroduced into the production cycle as raw materials, sold, or otherwise disposed of in the normal course of business.

10. Describe the method used under your company's cost accounting system to account for joint products and byproducts that may result from producing the merchandise under consideration. Identify the point in the production process where joint products or byproducts become individually identifiable.

11. Describe how your company accounts for processing yields or losses throughout the production cycle. Indicate each stage in the production cycle where processing yields are measured. Provide a schedule showing the average actual yield experience for each stage of production during the cost calculation period.

12. List and describe all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

13. List and describe all changes to your company's cost accounting system that have taken place since the most recent segment of this proceeding for which your company submitted COP or CV data. Include all changes in cost allocation factors such as changes in standard production costs, standard processing times or other methods used to allocate costs to individual units of production.

D. Startup Costs

If a startup operation has taken place at your company during the POR and you are claiming a startup adjustment for a new product or a new production facility, address each of the following:

1. describe the new product or production facility and provide the total costs attributable to the new product or production facility (*i.e.*, the total construction or development costs prior to the startup phase of production; also, describe how those costs were treated in your company's normal accounting records);

2. state the total costs associated with the startup phase of production and describe how those costs were treated in your company's normal accounting records;

3. for a new facility, identify the date on which the new facility was completed;

4. if the claimed startup adjustment is for an expansion of capacity to an existing facility, demonstrate that the expansion constituted such a major undertaking that it required the construction of a new facility and resulted in the depression of production levels due to technical factors associated with the new facility's initial production phase (as part of your analysis, provide the amount spent in expanding the facility compared to the historical cost of the existing facility);

5. if the claimed startup adjustment is for retooling of an existing facility, demonstrate that the retooling involved the replacement of nearly all production machinery or the equivalent rebuilding of existing machinery (as part of your analysis, provide the amount spent in refurbishing or retooling the facility compared to the historical cost of the machinery and equipment used previously in the facility);

6. if the claimed startup adjustment is for a new product, demonstrate that the new product required substantial additional investment or, in the case of an existing product, involved the complete revamping or redesign of the product (as part of your analysis, demonstrate that the "new" product is technically distinct from those already manufactured by the company and provide the amount spent to develop the product);

7. provide all dates relevant to the startup period, including: the beginning and ending dates of any test manufacturing prior to the startup phase of production, the start date of the initial start-up period, and the date when commercial production levels were reached or the projected date for reaching commercial production levels;

8. explain how the production levels were limited by technical factors associated with the initial phase of commercial production (as part of your analysis, describe the technical factors which limited production, demonstrate how these technical factors restricted the number of units processed by the company, and demonstrate how these technical factors are unique to the startup phase, not a result of chronic or normal production problems);

9. explain how commercial production levels were determined; as part of your analysis, provide: 1) the monthly production volumes and the number of units started into production each month during both the startup period and the cost calculation period (*i.e.*, the post startup period); 2) the production capacity of the old and new facility; 3) the planned production quantity for the new product; 4) quantitative historical data reflecting experiences in producing the same or similar products; and 5) an analysis showing that low production levels were not caused by factors unrelated to startup operations;

10. include the claimed startup adjustment in a computer data field entitled STARTUP, which represents the difference between the normalized cost and the actual cost, on a CONNUM specific per-unit basis; and,

11. provide worksheets documenting the calculation of your claimed startup adjustment (the calculations must demonstrate not only the claimed startup adjustment, but also how the unit production costs incurred during the startup period were substituted with the unit production costs incurred after the startup period).

III. Response Methodology

The CONNUM specific per-unit COP and CV figures that you provide in response to this section of the questionnaire must reconcile to the actual costs reported in your company's

normal cost accounting system and to the accounting records used by your company to prepare its financial statements. Therefore, be advised that you will be required to reconcile the summation of the per-unit COP and CV figures to the amounts recorded in your cost accounting system and to the cost of manufacturing recorded in your financial accounting system.

If your company normally uses a cost accounting system based on actual costs, use that system for purposes of computing your submitted COP and CV amounts. Similarly, if your company normally uses a standard cost accounting system, use that system for purposes of computing COP and CV; in such case, however, ensure that you have allocated to the merchandise under consideration all variances resulting from differences between standard and actual production costs.

You should compute COP and CV based on your company's normal accounting records. If in preparing the COP and CV calculations you intend to depart from your company's normal accounting system and normal cost allocation methods, you must notify the Department in writing before preparing your response to this section of the questionnaire.

A. Description of Response Methodology

Describe the method you used to compute your company's submitted COP and CV figures.

1. Describe how you developed the reported CONNUM specific per-unit costs from your normal cost accounting system.

2. Describe how you used your normal cost and financial accounting records to compute each of the following cost elements:

a. direct materials;

b. internal taxes (including value added taxes ("VAT")) and import duties on materials purchases. Indicate whether you were exempted from paying duties on imported raw materials used to produce the merchandise under consideration;

c. direct labor;

d. variable production overhead (provide a list of the cost categories that comprise your submitted variable overhead cost figures);

e. fixed production overhead (provide a list of the cost categories that comprise your submitted fixed overhead cost figures);

f. research and development costs;

g. general and administrative ("G&A") expenses (provide a list of the cost categories that comprise your submitted G&A costs); and,

h. net interest expense (include a list of all interest income and expense items and other financing amounts used to compute net interest expense).

3. If a physical characteristic identified by the Department is not tracked by the company's normal cost accounting system, calculate the appropriate cost differences for that physical characteristic, using a reasonable method based on available

company records (*e.g.*, production records, engineering statistics). The starting point for any such calculation must be the product specific costs as recorded in your normal cost accounting system. If there is a physical characteristic not tracked by the company for which the company believes that there is an insignificant cost difference between products, identify the particular physical characteristic and explain your reasons for not reporting a cost difference.

4. List and describe all differences between costs computed under your company's normal cost and financial accounting systems and the costs submitted in response to this section of the questionnaire. Include in your description the reasons why it was necessary for you to depart from your company's normal accounting practices in order to compute the submitted COP and CV figures.

B. Reconciliations[31]

Provide the following worksheets that illustrate how the costs reported on the financial statements reconcile to the general ledger or trial balance and to the cost accounting system (*i.e.*, the source used to derive the reported costs). On the worksheets, identify the source documents for all major items shown and cross-reference the worksheets where appropriate (*i.e.*, link between worksheets). If your company does not have a cost accounting system, reconcile the general ledger or trial balance to the books and records normally kept by the company which were used to derive the reported per-unit costs.

1. Provide a worksheet reconciling the fiscal year cost of goods sold (or equivalent) on the audited financial statements to the financial accounting system (*i.e.*, general ledger or trial balance). Describe and quantify each reconciling item.

2. Provide a worksheet reconciling the total fiscal year costs from the financial accounting system (*i.e.*, general ledger or trial balance) to the total costs from the cost accounting system (*i.e.*, the source used to derive the reported costs). Describe and quantify each reconciling item.

3. Provide worksheets reconciling the total <u>fiscal year</u> cost of manufacturing from the cost accounting system to the total of the per-unit manufacturing costs submitted to the Department (*i.e.*, multiply the COM of all merchandise under consideration for the POR by their respective production quantities, then sum the totals). Identify and quantify the following reconciling items:
   a. differences between the reporting methodology and the normal record keeping;
   b. cost of merchandise not under consideration;
   c. cost of merchandise under consideration not sold in the United States or comparison market (*i.e.*, multiply the COM of all merchandise under consideration not sold in either the U.S. or the comparison market for the POR by their respective production quantities, then sum the totals); and,
   d. all other reconciling items.

C. CONNUM Specific Worksheets

For two CONNUMs -- 1) the CONNUM with the highest sales volume in the market used for comparison purposes, and 2) the CONNUM with the highest U.S. market sales volume -- provide the following worksheets that illustrate how your company calculated

[31]You may provide these reconciliations (*i.e.*, steps III.B.1 through III.B.3) two weeks after the section D response due date.

the CONNUM specific per-unit COP and CV figures submitted in response to this section of the questionnaire.

1. If you produced the merchandise under consideration at more than one domestic facility during the POR, provide a worksheet that demonstrates the method you used to weight-average the production costs of each facility in order to compute the single weighted-average COM (and the individual fields included therein) for the CONNUMs.

2. For the facility with the highest production quantity for each of these two CONNUMs, if that facility's CONNUM specific cost is itself a weighted-average cost of several unique products, provide worksheets showing the calculation of that facility's weighted-average figures for the CONNUM. Show on the worksheet all products produced at the facility that were weight-averaged together to obtain that facility's cost for the specified CONNUMs. For each unique product shown on the worksheet, show the product's internal product code, production quantity, and corresponding value for each computer field.

3. For the unique product with the highest production volume per each set of worksheets reported for question C.2, provide worksheets that demonstrate how each data field within TOTCOM was determined. If there is only one product included in the selected CONNUMs, provide these worksheets for that product. Also, from your normal cost accounting system, provide copies of the product costing documents for the unique product.

In addition, if your company relies on a standard cost accounting system, show how you allocated cost variances to derive actual production costs.

D. Worksheets for General Expenses

1. Provide a worksheet that demonstrates how you computed your company's G&A expense ratio. Include in your reported G&A expenses an amount for administrative services performed on your company's behalf by its parent company or other affiliated party. Compute G&A expenses on an annual basis as a ratio of total company-wide G&A expenses divided by cost of goods sold ("COGS"). In calculating your company's G&A ratio, use the full-year G&A expense and COGS reported in your company's audited fiscal year financial statements for the fiscal year that most closely corresponds to the POR. Demonstrate how the G&A expenses and the COGS used in the ratio reconcile to your company's audited fiscal year financial statements. To compute the per-unit amount of G&A expense, multiply the G&A expense ratio by the per-unit TOTCOM for each of the CONNUMs.

2. Provide a worksheet that demonstrates how you computed your company's net interest expense ratio. If your company is a member of a consolidated group of companies, calculate your financial expense based on the consolidated audited fiscal year financial statements of the highest consolidation level available. In calculating your company's net interest ratio, use the full-year net interest expense and COGS reported in the consolidated audited fiscal year financial statements for the period that most closely corresponds to the POR.
In calculating net interest expense for COP and CV, include interest expense relating to both long- and short-term borrowings made by your company. Reduce the amount of interest expense incurred by any interest income earned by your company on short-term investments of its working capital. Demonstrate how the interest income, interest expense, and COGS used in the ratio reconcile to your company's audited

fiscal year financial statements. To compute the per-unit amount of net interest expense, multiply the net interest expense ratio by the per-unit TOTCOM for each of the CONNUMs.

IV. Instructions for Submitting COP and CV Data File

In accordance with the instructions provided below, provide one computer data file reporting the costs incurred for the merchandise under consideration.[32] The file should contain per-unit cost information for the products sold in the U.S. market or the comparison market.

Instructions regarding the specific information required to complete each data field for the cost file are provided below. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file. For each of the computer fields, state the unit of currency and the unit of measure.

For Department use only. This box should be deleted prior to sending the questionnaire to respondents. *The COP and CV computer file format below provides guidelines for you to follow in preparing the cost questionnaire for respondents. You should be aware, however, that these guidelines may not be appropriate in every case. Instead, you should consider the production process for the merchandise in determining how you will instruct respondents to report their costs. For example, the formats below do not take into account products manufactured in stages for which it may be more appropriate to request respondents to report their costs pursuant to each manufacturing stage. Nor do the formats allow for manufacturing processes that generate significant scrap revenues or that result in the production of byproducts with sales revenues that are offset against the manufacturing costs incurred for the merchandise under consideration. In such instances, it may be appropriate to report such revenues in separate data fields in order to facilitate your analysis. For some manufacturing processes, production yields play a significant role in determining the cost of the finished product. In these cases, you should consider how you will devise the cost reporting formats in such a way as to allow you to analyze the respondent's production yield data.*

FIELD NUMBER 1.0: Matching Control Number

FIELD NAME: CONNUM

DESCRIPTION: Report the unique CONNUM assigned to the products on the comparison market sales file from section B of this questionnaire and the U.S. market sales file from section C of this questionnaire. Unless otherwise instructed by the Department, ensure that your cost computer file contains a separate record for each unique product CONNUM contained in your comparison market and U.S. market sales files.

FIELD NUMBER 2.0: Production Quantity

FIELD NAME: PRODQTY

DESCRIPTION: For each CONNUM, report the quantity produced during the cost calculation period.

[32] Refer to the Instructions for Submitting Computer Data at Appendix II for technical information regarding the computer media required by the Department.

Field Numbers 3.0 through 6.0.
These fields should contain information regarding the specific cost elements incurred to produce the merchandise under consideration. The COM includes materials and fabrication costs actually incurred by your company. Calculate reported COP and CV figures on a weighted-average basis using the CONNUM specific production quantity, regardless of market sold, as the weighting factor. Thus, each CONNUM should be assigned only one cost, regardless of the market or markets in which the product(s) were sold. If more than one unique product produced at a domestic facility falls within the definition of a specific CONNUM, determine first the weighted-average CONNUM specific costs at that facility; then calculate the company-wide weighted-average CONNUM specific costs. If you have any questions regarding how to compute the weighted-average cost of the merchandise under consideration, notify the Department in writing before preparing your response to this section of the questionnaire.

For Department use only. This box should be deleted prior to sending the questionnaire to respondents*. Note that field 3.0 below is the only data field shown here for reporting direct materials costs for the merchandise under consideration. Because the merchandise may be manufactured using more than one type of direct material, you may find it necessary to request that the respondent report each major category of direct material in a separate data field. You should provide the additional field names for the various direct material inputs and request any other narrative description you consider necessary in order to analyze the respondent's submitted direct material costs. Please contact the Office of Accounting if you have any questions about what should be included or excluded from any of the fields below.*

FIELD NUMBER 3.0: Direct Material Costs

FIELD NAME: DIRMAT

DESCRIPTION: Report the yielded CONNUM specific per-unit direct material costs incurred to produce the merchandise under consideration. Direct material costs should include transportation charges, import duties and other expenses normally associated with obtaining the materials that become an integral part of the finished product. Exclude from your reported direct material costs the amount of any internal taxes imposed on the purchase of materials used to produce the merchandise under consideration. See field 10.0 for instructions on reporting internal taxes.

FIELD NUMBER 4.0: Direct Labor Costs

FIELD NAME: DIRLAB

DESCRIPTION: Report the yielded CONNUM specific per-unit direct labor costs incurred to produce the merchandise under consideration. Direct labor includes the costs incurred for all production workers, inspection/testing workers, relief workers, and all other workers directly involved in producing the merchandise. Direct labor consists of your workers' base pay, overtime pay, incentive wages, shift

differentials, bonuses, and all other form of wages or benefits paid to them by your company (*e.g.*, vacation, holidays, sick pay, insurance, government mandated social programs).

FIELD NUMBER 5.0: Variable Overhead Costs

FIELD NAME: VOH

DESCRIPTION: Report the yielded CONNUM specific per-unit variable overhead costs incurred to produce the merchandise under consideration. Variable overhead costs include those production costs that generally vary in total with changes in the volume of merchandise produced at a given level of operations. Variable overhead costs may include the costs incurred for indirect materials, indirect labor, utilities, and other variable overhead costs.

FIELD NUMBER 6.0: Fixed Overhead Costs

FIELD NAME: FOH

DESCRIPTION: Report the yielded CONNUM specific per-unit fixed overhead costs incurred to produce the merchandise under consideration. Fixed overhead costs include those production costs that generally do not vary in total with changes in the volume of merchandise produced at a given level of operations. Fixed overhead costs may include the costs incurred for building or equipment rental, depreciation, supervisory labor, plant property taxes, and factory administrative costs. In addition, include in fixed overhead costs research and development ("R&D") costs which relate specifically to the merchandise under consideration.

FIELD NUMBER 7.0: Total Cost of Manufacture

FIELD NAME: TOTCOM

DESCRIPTION: Report the yielded CONNUM specific per-unit total COM incurred to produce the merchandise under consideration. Compute this amount as the sum of data fields 3.0 through 6.0.

Field Numbers 8.0 and 9.0
These fields should contain information regarding G&A expenses and net interest expense incurred in connection with the general operations of the company.

FIELD NUMBER 8.0: General and Administrative Expenses

FIELD NAME: GNA

DESCRIPTION: Report the per-unit G&A expenses incurred by your company. G&A expenses are those period expenses which relate indirectly to the general operations of the company rather than directly to the production process. G&A expenses include amounts incurred for

general R&D activities, executive salaries and bonuses, and operations relating to your company's corporate headquarters.

FIELD NUMBER 9.0: Net Interest Expense

FIELD NAME: INTEX

DESCRIPTION: Report the per-unit net interest expense incurred by your company.

Field Number 10.0
This field should contain information regarding the net per-unit internal taxes incurred on all inputs which were not refunded.

FIELD NUMBER 10.0: Internal Taxes on Inputs

FIELD NAME: TAXES

DESCRIPTION: Report the net per-unit amount incurred for all internal taxes on purchases of inputs which were not refunded.

SECTION E
Cost of Further Manufacture or Assembly Performed in the United States

I. General Explanation of Section E Questionnaire

This section of the antidumping questionnaire provides instructions for reporting the costs incurred for **further manufacture or assembly** of the subject merchandise in the United States.

If you have questions concerning any part of the Section E questionnaire, you are instructed to contact the official in charge. Please note, however, that requests by your company to alter the reporting of the information requested in the Section E questionnaire should be submitted in writing to the Department.

A. Cost of Further Manufacture or Assembly

Further manufacture or assembly ("further manufacturing") costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expenses, interest expenses, additional U.S. packing expenses, and all costs involved in moving the product from the U.S. port of entry to the further manufacturer. The summation of the U.S. further manufacturing costs that you report in response to this section of the questionnaire must be reported in data field 50.0 of your company's U.S. sales listing submitted in response to section C of this questionnaire.

B. Reporting Period for Further Manufacturing Costs

The further manufacturing costs that you report should be calculated based on the actual costs incurred by your U.S. affiliate (the "company") during the period of review ("POR"), as recorded under its normal accounting system.[33] If you have any questions regarding the appropriate cost calculation period for the merchandise under review, please notify the Department in writing before preparing your response to this section of the questionnaire.

C. Weighted-Average Further Manufacturing Costs

The further manufacturing costs that you report should be calculated on a weighted-average basis using as the weighting factor the model-specific production quantity for the product sold in the United States. If you further manufactured the subject merchandise at more than one U.S. facility, you must report the weighted-average of the further manufacturing costs from all such facilities. If you have any questions regarding how to compute the weighted-average further manufacturing costs for the subject merchandise, please notify the Department in writing before preparing your response to this section of the questionnaire.

II. General Information

[33] If your company's fiscal year ends within three months of the end of the POR, however, you may contact the official in charge to determine whether you can report further manufacturing costs based on the company's fiscal year.

The production process, financial accounting, and cost accounting information requested below is necessary in order for the Department to better understand your company's operations, its products and production processes, and its financial and cost accounting practices. We therefore ask that you provide complete and detailed narrative responses to each item listed below.

A. Products and Production Process

Provide a description of the further manufacturing process for the subject merchandise shipped to the United States.[34] Your description should address each of the items listed below.

1. Describe the U.S. production facilities used to further manufacture the subject merchandise. If further manufacturing operations take place at more than one facility, identify each facility and describe the production activities that take place at each facility.

2. Identify all products manufactured using the same production facilities used to further manufacture the subject merchandise.

3. Provide a flowchart that details the complete U.S. production cycle for the subject merchandise. This should include descriptions of each stage of production and the locations of primary cost centers.

4. Provide a description of how the company keeps account of processing yields or losses throughout the further manufacturing production cycle. Indicate each stage in the production cycle where processing yields are measured.

5. List the inputs used to further manufacture the subject merchandise, including specific types of raw materials, labor, electricity or other power supply, machinery and equipment, and subcontractor services. Indicate whether any of these materials or services were purchased from an affiliated party (*i.e.*, **affiliated person**). For each input received from an affiliated party, provide the name of the affiliated party and, if you have not already done so in response to section A of this questionnaire, state the nature of the affiliation.

6. List the significant production inputs received from affiliated parties and used to further manufacture the merchandise under review during the cost calculation period. For each input identified, provide the following information:

   a. the total volume and value of the input purchased from all sources by your company during the cost calculation period, and the total volume and value purchased from each affiliated party during the same period;

[34] Please note that if you have already provided a description of your company's production process in response to section A of this questionnaire, you may repeat that description or refer to the page numbers in that part of your response where the information is presented. Please ensure, however, that your response addresses each of the items noted in parts II.A.1 through 6 of this section of the questionnaire. If it does not, you should provide a description of your company's production process in this section of your response and supplement it accordingly with the requested information.

b. the unit transfer price charged for the input by the affiliated party (if the affiliated party sells the identical input to other, unaffiliated purchasers, provide the price paid for the input by the unaffiliated purchaser; if your company purchases the identical input from unaffiliated suppliers, provide the price you paid to the unaffiliated party for the input); and

c. state the basis used by your company (*e.g.*, transfer price or cost) to value each of the inputs received from affiliates
   1. in your company's normal books and records; and,
   2. for purposes of computing the further manufacturing costs provided in your response to this section of the questionnaire.

B. Financial Accounting Systems and Policies

Describe your company's financial accounting practices and the system it uses to accumulate and summarize accounting data for purposes of preparing financial statements. Your description should address each of the items listed below.

1. State whether your company's financial accounting practices are in accordance with generally accepted accounting principles ("GAAP") in the United States.

2. Provide a narrative and flowchart illustrating the company's basic financial accounting books and record keeping system. Indicate in your flowchart all subsidiary ledgers, including raw materials, inventory, and sales and accounts receivable ledgers. Show in your flowchart how data from the company's financial accounting system are summarized in its financial statements.

C. Cost Accounting

Provide narrative responses to the following questions as they relate to each affiliate that performs further manufacturing of the subject merchandise. This information will provide us with an understanding of the cost accounting system used by the company in its normal course of business.

1. Describe the company's cost accounting system and how it is used to classify, allocate, aggregate, and record the costs incurred to further manufacture the subject merchandise. Your description should be provided in narrative form and should include a flow chart that 1) illustrates how the system records and reports costs for the merchandise throughout the production process, and 2) shows the various subsidiary cost ledgers maintained under the system and how they reconcile to the company's normal financial statement data.

2. Provide a list of all direct, indirect, and common cost centers. Briefly describe the operations that take place at each of these cost centers. For direct cost centers, describe how the production costs are accumulated and charged to the merchandise produced. For indirect and common cost centers, describe how the costs incurred are accumulated and allocated to the direct cost centers.

3. Describe the level of product specificity over which the company's cost accounting system normally captures production costs. Explain how the product-specific costs as recorded in the company's normal accounting system compare to the product-specific costs reported for further manufacturing.

4. State whether the company's cost accounting system accumulates costs for the subject merchandise based on the actual production costs incurred or on standard or budgeted costs. If the company's cost accounting system is based on standard or budgeted costs, then provide the following information:

   a. the variances recorded under the company's cost accounting system and how they are used by management in the normal course of business (for each variance, identify the level of product specificity for which the variance is measured);

   b. the period for which the company computes and records each variance;

   c. the methods used to develop each variance used in the company's cost accounting system;

   d. the frequency with which the company revises its standard or budgeted costs, including the date on which the latest revision was made; and

   e. the disposition of favorable or unfavorable variances (including under- or over-applied overhead) resulting from production operations during each accounting period (*e.g.*, charge to cost of sales, prorate between cost of sales and inventory balances).

5. List and describe all production costs incurred by the company that are valued differently for cost accounting purposes than for financial accounting purposes.

6. List and describe all changes to the company's cost accounting system that have taken place since the most recent segment of this proceeding for which the company submitted further manufacturing cost data. Include all changes in cost allocation factors such as changes in standard production costs, standard processing times, or other methods used to allocate costs to individual units of production.

III. Response Methodology

The per-unit further manufacturing cost figures that you provide in response to this section of the questionnaire must reconcile to the actual costs reported in the company's cost accounting system and to accounting records used by the company to prepare its financial statements. If the company normally uses a cost accounting system based on actual costs, you should use that system for purposes of computing your submitted further manufacturing cost amounts. Similarly, if the company uses a standard cost accounting system, you should use that system for purposes of computing further manufacturing costs. In such case, however, you must also ensure that you have allocated to the further manufacturing costs all variances resulting from differences between standard and actual production costs.

You should compute the per-unit cost of further manufacture based on your company's normal accounting records. If you do not intend to use the company's normal accounting system and cost allocation methods to compute further manufacturing cost for the subject merchandise, you must notify the Department in writing before preparing your response to this section of the questionnaire.

A. Description of Response Methodology

Provide a narrative description of the methodology that you used to compute the company's submitted further manufacturing costs. Your description should address items listed below.

1. Describe how you used the company's normal cost and financial accounting records to compute the per-unit further manufacturing cost figures reported in response to this section of the questionnaire. Include in your description a discussion of how you used the company's accounting system and actual cost and financial accounting data to compute each of the following cost elements relating to the submitted further manufacturing cost figures:

   a. direct materials;
   b. direct labor;
   c. factory overhead (provide a list of the cost categories that comprise your submitted factory overhead cost figures);
   d. research and development ("R&D") costs;
   e. general and administrative expenses (including a list of all miscellaneous income and expense items); and
   f. net interest expense (including a list of all interest income and expense items and other financing amounts used to compute net interest expense).

2. List and describe in detail all differences between costs computed under the company's normal cost and financial accounting systems and the costs submitted in response to this section of the questionnaire. Include in your description the reasons why it was necessary for you to depart from the company's normal accounting practices in order to compute the submitted further manufacture costs.

B. Worksheets

Provide the worksheets requested below that illustrate how your company calculated the per-unit further manufacturing costs submitted in response to this section of the questionnaire. Additional instructions regarding how to calculate specific cost elements for further manufacturing costs are provided in part IV, Instructions for Submitting Further Manufacturing Cost Data File, of this section.

1. For the further manufactured product with the highest U.S. market sales volume during the POR, provide worksheets that demonstrate how your company computed direct materials, direct labor, and fixed and variable overhead costs for the submitted further manufacturing cost figure(s). If your company relies on a standard cost accounting system, the worksheets that you prepare should show how you allocated any cost variances in deriving actual production costs.

2. Provide a worksheet that demonstrates how you computed your company's general and administrative (G&A) expense ratio. The worksheet that you provide should demonstrate how the G&A expenses used for your ratio calculation reconcile to your company's financial statements.

3. Provide a worksheet that demonstrates how you computed your company's net interest expense ratio. The worksheet that you provide should demonstrate how the interest income and expense figures used for your ratio calculation reconcile to your company's financial statements.

IV. Instructions for Submitting Further Manufacturing Cost Data File

In accordance with the instructions provided below, prepare a computer file reporting the costs incurred to further manufacture the subject merchandise in the United States. Instructions regarding the specific information required to complete each data field for the further manufacturing cost file are provided below. These instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file.

Fields 1.0 and 2.1.
For each file record, report in these fields the product code for each further manufactured product and the matching control number for each unique model of the subject merchandise that was further manufactured in the United States. This information should allow the Department to match the detailed further manufacturing cost data to the total further manufacturing cost data provided in your response to section C of this questionnaire.

FIELD NUMBER 1.0: Complete Product Code

FIELD NAME: PRODCODU

DESCRIPTION: Report the commercial product code assigned by the company in the normal course of business to the specific further manufactured product sold in the United States.

FIELD NUMBER 2.0: Matching Control Number

FIELD NAME: CONNUMU

DESCRIPTION: Report the unique control number assigned to the model (as imported) from the U.S. sales files in your response to section C of this questionnaire. Unless otherwise instructed by the Department, you should ensure that your further manufacturing cost computer file contains a record for each unique product control number contained in the U.S. sales file which required further manufacturing in the United States.

FIELD NUMBER 2.1: Production Quantity

FIELD NAME: PRODQTY

DESCRIPTION: Report the quantity produced during the cost calculation period.

Fields 2.5 through 2.9.

In certain circumstances it may be necessary to use these fields to provide a separate identifying variable(s) which will link the sale of each product which is further manufactured in the U.S. to the product(s) as imported. For example, if the company imports multiple parts which are assembled into a single product sold in the U.S., this field would be used to report a code which will specifically identify these parts to the U.S. sale. If a single product is imported and then further manufactured into multiple U.S. products, the sale of each of these U.S. products must be linked to the single imported product. The variable(s) reported in this field should also appear in the company's U.S. sales database reported in response to section C of the questionnaire.

FIELD NUMBER 2.5: Linking Variables

FIELD NAME: LINKVAR

DESCRIPTION: Report the identifying variable which will link the further manufacturing cost record to the corresponding sale or sales in the U.S. sales file.

Fields 3.0 through 7.0.
These fields should contain information regarding the specific cost elements incurred to further manufacture the subject merchandise in the United States. The further manufacturing costs include direct materials and fabrication costs actually incurred by the company. If the company performed further manufacturing operations for the subject merchandise at more than one facility, the amounts reported for COM should be based on the weighted-average manufacturing costs from all facilities.

FIELD NUMBER 3.0: Direct Materials Cost

FIELD NAME: FURMAT

DESCRIPTION: Report the costs incurred for direct materials used to further manufacture the subject merchandise. This should include transportation charges and other expenses normally associated with obtaining the materials that become an integral part of the finished product sold in the United States. Direct materials costs include only the costs incurred for materials added in the United States and not the cost of the imported subject merchandise. However, in addition to the cost of all direct materials added in the United States, you should include in this field the costs incurred for 1) all movement charges incurred to transport the subject merchandise from the port of entry to the company's U.S. further manufacturing facilities, and 2) the actual costs incurred for any yield loss in connection with the further manufacture of the subject merchandise in the United States. (Note that you should compute the amount of any yield loss taking into account both the cost of the imported subject merchandise and the costs incurred for U.S. further manufacturing.)

FIELD NUMBER 4.0: Direct Labor Costs

FIELD NAME: FURLAB

DESCRIPTION: Report the direct labor costs incurred to further manufacture the subject merchandise. Direct labor should include the costs incurred for all production workers, inspection/testing workers, relief workers, and all other workers directly involved in further manufacturing the subject merchandise in the United States. Direct labor should consist of the workers' base pay, overtime pay, incentive wages, shift differentials, bonuses, and all other form of wages or benefits paid to them by the company (*e.g.*, vacation, holidays, sick pay, insurance, government mandated social programs). In addition, your reported direct labor costs should include the full amount incurred for all contract labor hired by the company to further manufacture of the merchandise.

FIELD NUMBER 5.0: Factory Overhead Costs

FIELD NAME: FURFOH

DESCRIPTION: Report the factory overhead costs incurred to further manufacture the subject merchandise. Overhead costs may include costs incurred for indirect materials, indirect labor, and manufacturing utilities, as well as costs incurred for building or equipment rental, depreciation, supervisory labor, plant property taxes, factory administrative costs, and all other variable or fixed costs associated with packing the further manufactured merchandise. In addition, R&D costs that relate specifically to the further manufacturing operations should normally be included in overhead.

FIELD NUMBER 6.0: Total Production Cost

FIELD NAME: FURCOM

DESCRIPTION: Report the total production costs incurred to further manufacture the subject merchandise computed as the sum of data fields 3.0 through 5.0.

Fields 7.0 and 8.0
These fields should contain information regarding general and administrative ("G&A") expenses and net interest expense incurred in connection with the further manufacture of the subject merchandise in the United States.

FIELD NUMBER 7.0: General and Administrative Expenses

FIELD NAME: FURGNA

DESCRIPTION: Report the per-unit G&A expenses incurred by the company in connection with the U.S. further manufacture of the subject merchandise. G&A expenses are those period expenses that relate to the general production operations of the company rather than directly to the production process for the subject merchandise. G&A expenses include amounts incurred for general R&D activities, executive salaries and bonuses, and other operations relating to the company's U.S. corporate headquarters. You should also include in your reported G&A expenses an amount for administrative services performed on the company's behalf by its parent company or other affiliated party.

You should compute G&A expenses on an annual basis as a ratio of the company's total G&A expenses divided by its cost of sales (less the cost of the imported subject merchandise). In calculating the company's G&A ratio, you should rely on full-year G&A expense and cost of sales figures reported in the company's audited financial statements for the year that most closely corresponds to the POR. To compute the amount of per-unit G&A expense, you should multiply the G&A expense ratio by the per-unit further manufacturing cost for the subject merchandise.

FIELD NUMBER 8.0: Net Interest Expense

FIELD NAME: FURINT

DESCRIPTION: Report the per-unit net interest expense incurred by the company in connection with the further manufacture of the subject merchandise. You should compute net interest expense on an annual basis as a ratio of the company's total net interest expense divided by its cost of sales (net of the cost of the imported subject merchandise). In calculating the company's net interest ratio, you should rely on full-year net interest expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POR. If the company is a member of a consolidated group of companies, then you should base your interest expense calculation on the consolidated financial statements of the group. To compute the amount of per-unit net interest expense, you should multiply the net interest expense ratio by the per-unit further manufacturing cost of the subject merchandise.

FIELD NUMBER 9.0: Total Further Manufacturing Costs

FIELD NAME: TOTFMG

DESCRIPTION: Report the unit total further manufacturing costs incurred for the product sold in the U.S. market. You should compute this amount as the sum of data fields 3.0 through 8.0.

APPENDIX I

GLOSSARY OF TERMS

This glossary is intended to provide parties with a basic understanding of many technical terms that appear in the antidumping questionnaire. These explanations are not regulations or rules with the force of law. As difficult or detailed questions arise, parties should seek clarification from the statute, regulations, and the Department, rather than attempting to derive precise guidance from these general explanations.

Administrative Protective Order

An administrative protective order is the legal mechanism that controls the limited disclosure of business proprietary information to representatives of interested parties. The Department authorizes the release of proprietary information under administrative protective order only when the representatives file a request in which they agree to the following four conditions: (a) to use the information only in the antidumping proceeding, (b) to secure the information and protect it from disclosure to any person not subject to an administrative protective order, (c) to report any violation of the terms of the protective order, and (d) to acknowledge that they may be subject to sanctions if they violate the terms of the order. (Section 777(c) of the Act. See also **Proprietary Information** and **Proprietary Treatment**.)

Affiliated Persons

Affiliated persons (affiliates) include (1) members of a family, (2) an officer or director of an organization and that organization, (3) partners, (4) employers and their employees, and (5) any person or organization 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 that organization. In addition, affiliates include (6) any person who controls any other person and that other person, and (7) any two or more persons who directly control, are controlled by, or are under common control with, any person. "Control" exists where one person or organization is legally or operationally in a position to influence decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product. (Section 771(33) of the Act; sections 351.102(b) and 351.401(f) of the regulations.)

Antidumping Law and Regulations

The United States antidumping laws are set forth in Title VII of the Tariff Act of 1930, as amended ("the Act") (19 U.S.C. 1673 *et seq.*). The Department's regulations governing antidumping proceedings are set forth at 19 CFR Part 351, published in the *Federal Register* on May 19, 1997 (62 FR 27379-27424). For procedures governing Administrative Protective Orders and the treatment of proprietary information, please see 19 CFR Part 353.32 through 353.34, published in the *Federal Register* on May 11, 1995 (60 FR 25133).

Arm's-length Transactions (between affiliates)

Generally, the Department may use transactions between affiliates as a basis for normal value, only if the transactions are made at arm's length. Arm's-length transactions are those in which the selling price between the affiliated parties is comparable to the selling prices in transactions involving persons who are not affiliated. The Department takes into account terms of sale, conditions of delivery, and other circumstances related to the sales in deciding if the selling prices are comparable. Sales not made at arm's length are not considered to be within the ordinary course of trade. (See also **Ordinary Course of Trade**.)

Certification of Accuracy

Any person that submits factual information to the Department must include with the submission a certification of the completeness and accuracy of the factual information. Certifications must be made by a knowledgeable official responsible for presentation of the factual information and by the party's legal counsel or other representative, if any. A sample certification form is included as Appendix IV to the questionnaire. (Section 782 (b) of the Act; section 351.303(g) of the regulations.)

Circumstances of Sale

In comparing normal value to export price or constructed export price, the Department makes adjustments to normal value for certain differences in expenses or prices that exist because the conditions under which the sales are made in the two markets differ. Besides particular adjustments named in the statute (*e.g.*, differences in quantities and levels of trade), the statute also allows the Department to adjust for other differences in circumstances of sale. This adjustment normally is based only on differences in direct selling expenses that the Department does not adjust for under more specific provisions. (Section 773(a)(6)(C)(iii) of the Act; section 351.410 of the regulations. See also **Direct vs. Indirect Expenses**.)

Constructed Export Price

(See **Export Price and Constructed Export Price**.)

Constructed Export Price Offset

To the extent practicable, the Department attempts to base normal value on sales made at the same level of trade as the export price or constructed export price or adjust for the differences in levels of trade. Where this is not possible, the law provides for an adjustment to normal value to account for differences in level of trade when (1) U.S. price is a constructed export price; (2) normal value is determined at a more advanced level of trade than the level of trade of the constructed export price;[35] and (3) the data available do not provide an appropriate basis for determining whether differences in levels of trade affect price comparability and quantifying the amount of a level of trade adjustment. This adjustment takes the form of a deduction from normal value of the amount of indirect selling expenses incurred in the foreign market. The amount of this deduction may not exceed (*i.e.*, it is "capped" by) the amount of indirect selling expenses deducted in calculating constructed export price. (Section 773(a)(7)(B) of the Act; 351.412(f) of the regulations. See also **Level of Trade, Level of Trade Adjustment**.)

Constructed Value

When there are no sales of the foreign like product in the foreign market suitable for matching to the subject merchandise (including, for example, when the Department disregards sales because they are below the cost of production), the Department uses constructed value as the basis for normal value. The constructed value is the sum of (1) the cost of materials and fabrication of the subject merchandise, (2) selling, general, and administrative expenses and profit in the foreign market, and (3) the cost of packing for exportation to the United States. (Section 773(e) of the Act; sections 351.405 and 351.407 of the regulations.)

Contemporaneous Sales

In investigations, the Department normally compares average export prices (or constructed export prices) to average normal values. The averages normally are based on sales made over the course of the period of investigation.

In administrative reviews of existing antidumping orders, on the other hand, the Department normally compares the export price (or constructed export price) of an individual U.S. sale to an average normal value for a "contemporaneous month."

The preferred month is the month in which the particular U.S. sale was made. If, during the preferred month, there are no sales in the foreign market of a foreign like product that is identical to the subject merchandise, the Department will then employ a six-month window for the selection of contemporaneous sales. For each U.S. sale, the Department will calculate an average price for sales of identical merchandise in the most recent of the three months prior to the month of the U.S. sale. If there are no such sales, the Department will use sales of identical merchandise in the earlier of the two months following the month of the U.S. sale. If there are no sales of identical merchandise in any of these months, the Department will apply the same progression to sales of similar merchandise. (Section 351.414 of the regulations.)

[35] "More advanced" refers to a more advanced stage of marketing, which generally means that the home market level of trade is more remote from the factory door than the constructed export price level of trade. A more advanced, or remote, level of trade is typically characterized by more selling activities and greater selling expenses.

Cost of Manufacture

The cost of manufacture is the sum of material, fabrication and other processing costs incurred to produce the products under investigation or review. (See also **Cost of Production**.)

Cost of Production

Cost of production means the cost of producing the foreign like product. The cost of production is the sum of (1) material, fabrication, and other processing costs, (2) selling, general, and administrative expenses, and (3) the cost of containers and other packing expenses. The Department may disregard foreign market sales in calculating normal value if they are made at prices which are less than the cost of production. The Department will disregard all sales below cost if made: (A) within an extended period of time (normally one year) in substantial quantities (at least 20 percent of the volume of the product examined is sold below cost or the weighted-average unit price is below the weighted-average cost for the period examined); and (B) at prices that do not permit recovery of costs within a reasonable period of time (*i.e.*, a price is less than the weighted-average cost of production during the period examined). Although the Department initiates any cost of production inquiries for all sales of the foreign like product, this determination is made on a product-specific basis. (Section 773(b) of the Act; sections 351.406 and 351.407 of the regulations.)

Credit Expense

Credit expense is a type of expense for which the Department frequently makes circumstances-of-sale adjustments. It is the interest expense incurred (or interest revenue foregone) between shipment of merchandise to a customer and receipt of payment from the customer. The Department normally imputes the expense by applying a firm's annual short-term borrowing rate in the currency of the transaction, prorated by the number of days between shipment and payment, to the unit price. If actual payment dates are not kept in a way that makes them accessible, the calculation may be based on the average of the number of days that accounts receivable remain outstanding. (See also **Imputed Expenses**.)

Date of Sale

Because the Department attempts to compare sales made at the same time, establishing the date of sale is an important part of the dumping analysis. The Department will normally use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, the Department may use a date other than the date of invoice (*e.g.*, the date of contract in the case of a long-term contract) if satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale (*e.g.*, price, quantity). (Section 353.401(i) of the regulations.)

Difference in Merchandise Adjustments

When normal value is based on sales in the foreign market of a product which is similar, but not identical, to the product sold in the United States, the Department may adjust normal value to account for differences in the variable costs of producing the two products. Generally, the adjustment is limited to differences in the costs of materials, labor and variable production costs that are attributable to physical differences in the merchandise. The Department will not adjust for differences in fixed overhead or administrative expenses or profit. (Section 351.411 of the regulations.)

Direct vs. Indirect Expenses

In calculating export price, constructed export price, and normal value, the Department treats selling expenses differently depending on whether they are direct expenses or indirect expenses. For instance, circumstances-of-sale adjustments normally involve only direct expenses, while the constructed export price offset involves indirect expenses.

Direct expenses generally must be (1) variable and (2) traceable in a company's financial records to sales of the merchandise under investigation or review.

1. Variable vs. fixed expenses: Direct expenses are typically variable expenses that are incurred as a direct and unavoidable consequence of the sale (*i.e.*, in the absence of the sale these expenses would not be incurred). Indirect expenses are fixed expenses that are incurred whether or not a sale is made.

   The same expense may be classified as fixed or variable depending on how the expense is incurred. For example, if an exporter pays an unaffiliated contractor to perform a service, this fee would normally be considered variable and treated as a direct expense (provided that condition 2, below, is also satisfied). However, if the exporter provides the service through a salaried employee, the fixed salary expense will be treated as an indirect expense.

2. Tying of the expense to sales of the merchandise under investigation or review: Selling expenses must be reasonably dependent upon sales of the merchandise under investigation or review to qualify as direct selling expenses. However, even if a fixed expense is allocable to the merchandise under investigation or review, the Department normally will treat it as an indirect expense.

Common examples of direct selling expenses include credit expenses, commissions, and the variable portions of guarantee, warranty, technical assistance, and servicing expenses. Common examples of indirect selling expenses include inventory carrying costs, salesmen's salaries, and product liability insurance. The fixed portion of expenses, such as salaries for employees who perform technical services or warranty repairs, are indirect expenses.

The Department also treats assumptions of expenses as direct expenses, provided they are attributable to a later sale of the merchandise. For example, the Department treats expenses incurred for advertising aimed at retailers as if they were direct selling expenses when the exporter is selling to wholesalers.

Discounts

See **Price Adjustments**

Dumping

Dumping occurs when imported merchandise is sold in, or for export to, the United States at less than the normal value of the merchandise, *i.e.*, a price that is less than the price at which identical or similar merchandise is sold in the foreign market, or less than the constructed value of the merchandise. The dumping margin is the amount by which the normal value exceeds the export price or constructed export price of the subject merchandise. The weighted-average dumping margin is the sum of the dumping margins divided by the sum of the export prices and constructed export prices.

Export Price and Constructed Export Price

Export price and constructed export price refer to the two types of calculated prices for merchandise imported into the United States. The Department compares these prices to normal values to determine whether goods are dumped. Both export price and constructed export price are calculated from the price at which the subject merchandise is first sold to a person not affiliated with the foreign producer or exporter.

Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs *before* the goods are imported into the United States. In cases where the foreign manufacturer knows or has reason to believe that the merchandise is ultimately destined for the United States, the manufacturer's sale is usually the sale subject to investigation or review. If, on the other hand, the manufacturer sold the merchandise to a trader without knowledge of the trader's intention to export the merchandise to the United States, then the trader's first sale to an unaffiliated person is the sale subject to investigation or review.

Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs *after* importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter before importation, constructed export price applies, unless the U.S. affiliate performs only clerical functions in connection with the sale.

The Department makes adjustments to the price to the first unaffiliated customer in calculating the export price or constructed export price. For both export price and constructed export price the Department adds packing charges, if not already included in the price, rebated import duties, and, if applicable, certain countervailing duties. Also for both, the Department deducts transportation costs and export taxes or duties. No other adjustments are made in calculating export price. However, in calculating the constructed export price, the Department also deducts selling commissions and other expenses incurred for selling activities in the United States performed in selling the subject merchandise to unaffiliated U.S. customers, the cost of any further manufacture or assembly performed in the United States, and profit. These expenses and profits represent activities undertaken in the United States to support the U.S. resale to an unaffiliated customer. Generally these activities are undertaken by the affiliated U.S. reseller. However, the Department will also deduct any selling expenses incurred to support the U.S. resale that are paid by the producer or exporter on behalf of its affiliated U.S. reseller. (Section 772 of the Act; section 351.402(b) of the regulations.)

Facts Available

The Department seeks to make its antidumping determinations on the basis of responses to its antidumping questionnaires. However, for a variety of reasons, the data needed to make such determinations may be unavailable or unusable. In such instances, the law requires the Department to make its determinations on the basis of "the facts otherwise available" (more commonly referred to as "the facts available"). More specifically, the Department must use the facts available if necessary information is not available on the record of an antidumping proceeding. In addition, the Department must use the facts available where an interested party or any other person: (1) withholds information requested by the Department; (2) fails to provide requested information by the requested date or in the form and manner requested; (3) significantly impedes an antidumping proceeding; or (4) provides information that cannot be verified.

In selecting the information to use as the facts available, the law authorizes the Department to make an inference that is adverse to an interested party if the Department finds that party failed to cooperate by not acting to the best of its ability to comply with a request for information.

Submitted information that does not meet all of the requirements may be used if: (1) the information is submitted within applicable deadlines; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for a determination; (4) the party establishes that it acted to the best of its ability; and (5) the Department can use the information without undue difficulties. Finally, if an interested party promptly informs the Department of difficulties it is having in responding to a request for information, the Department will consider modifying its request to the extent necessary to avoid imposing an unreasonable burden on the party. (Sections 776 and 782(c)-(e) of the Act; section 351.308 of the regulations.)

Foreign Like Product

The term “foreign like product” refers to merchandise that is sold in the foreign market and that is identical or similar to the subject merchandise. When used in the questionnaire, foreign like product means all merchandise that is sold in the foreign market and that fits within the description of merchandise provided in Appendix III to the questionnaire. (Section 771(16) of the Act. See also **Identical Merchandise** and **Similar Merchandise.**)

Foreign Market

The foreign market is the home or third-country market from which the Department selects the prices used to establish normal values. (See also **Viability**.)

Further Manufacturing Adjustment

In calculating constructed export price, the Department normally deducts from the price of the merchandise sold in the United States the cost of any further manufacture or assembly performed in the United States by, or for, the exporter or an affiliate. However, if the value of the further processing is more than the value of the subject merchandise as imported, the Department may instead use an alternative basis for the constructed export price. The Department normally will determine that the value added in the United States meets this requirement if the value of the further processing in the United States by the affiliated person is estimated to be at least 65 percent of the price charged to the first unaffiliated purchaser for the merchandise as it is sold in the United States. In such cases, if possible, the Department will use the price of identical or similar subject merchandise sold to an unaffiliated customer by the producer, exporter, or affiliated seller. If there is an insufficient quantity of such sales or it is not appropriate to use such sales, the Department may rely on any other reasonable basis. (Sections 772(d)(2) and 772(e) of the Act; sections 351.402 (b) and (c) of the regulations.)

Home Market

The home market refers to the market for sales of the foreign like product in the country in which the merchandise under investigation or review is produced. Home market sales are the preferred basis for normal value. (See also **Third-Country Market** and **Viability**.)

Identical Merchandise

The Department prefers to compare U.S. sales to foreign market sales of identical merchandise. The identical merchandise is merchandise that is produced by the same manufacturer in the same country as the subject merchandise, and which the Department determines is identical or virtually identical in all physical characteristics with the subject merchandise, as imported into the United States. (See also **Similar Merchandise** and **Foreign Like Product**.)

Imputed Expenses

Imputed expenses generally are opportunity costs (rather than actual costs) that are not reflected in the financial records of the company being investigated, but which must be estimated and reported for purposes of an antidumping inquiry. Common examples of imputed expenses include credit expenses and inventory carrying costs.

Indirect Expenses

See **Direct vs. Indirect Expenses**.

Inventory Carrying Costs

Inventory carrying costs are the interest expenses incurred (or interest revenue foregone) between the time the merchandise leaves the production line at the factory to the time the goods are shipped to the first unaffiliated customer. The Department normally calculates these costs by applying the firm's annual short-term borrowing rate in the currency of the country where the inventory is being held, prorated by the number of days between leaving the production line and shipment to the customer, to the unit cost or price. (See also **Imputed Expenses**.)

Level of Trade

To the extent practicable, the Department calculates normal values based on sales made in the foreign market at the same level of trade as the constructed export price ("CEP") or export price, or adjusts for the differences in levels of trade. In a CEP situation, economic activities occurring in the United States are not considered in determining the level of trade. The level of trade of the U.S. sale is that associated with the constructed export price.

In order to establish whether differences in levels of trade exist, the Department reviews distribution systems, including categories of customers, selling activities, and levels of selling expenses for each type of sale. Different levels of trade are typically characterized by purchasers at different stages in the chain of distribution and sellers performing qualitatively and/or quantitatively different selling activities. Different levels of trade necessarily involve differences in selling activities, although differences in selling activities alone are not sufficient to establish differences in levels of trade. Similarly, customer categories such as "distributor, "wholesaler," "retailer," and "end-user" are often useful in identifying levels of trade, although they, too, are insufficient in themselves to establish differences in levels of trade. Rather, the Department evaluates differences in levels of trade based on a seller's entire marketing process. (Section 773(a)(1) and 773(a)(7)(A) of the Act; sections 351.412(a)-(c) of the Department's regulations.)

Level of Trade Adjustment

When the Department bases normal value on sales in the foreign market at a level of trade that is different from that of the EP or CEP, the Department may adjust the normal value to account for differences in levels of trade between the two markets.

The Department makes these adjustments only when there is a difference in the levels of trade and that difference affects price comparability. The Department determines whether there is an effect on price comparability by determining whether there is a pattern of consistent price differences between sales at the different levels of trade in the foreign market. The Department normally calculates any adjustment for level of trade based on the percentage difference between an average of the prices at the different levels of trade in the foreign market, less any expenses adjusted for elsewhere in the normal value calculation. (Sections 773(a)(1) and (7) of the Act; sections 351.412(c), (d), and (e) of the regulations.)

Movement Expenses

Movement expenses are expenses directly attributable to bringing the merchandise from the original place of shipment to the place of delivery to the United States or in the foreign market. These expenses may include freight and freight insurance charges, brokerage and

handling fees, export taxes, and warehousing expenses incurred after the merchandise leaves the original place
e of shipment.

Normally, the production facility is considered to be the original place of shipment. However, where export price, constructed export price, or normal value is based on a sale made by a reseller unaffiliated with the producer, the Department may treat the place from which the reseller shipped the merchandise as the original place of shipment. (Sections 772(c)(2)(A) and 773(a)(6)(B)(ii) of the Act; section 351.401(e) of the regulations.)

Normal Value

Normal value is the adjusted price of the foreign like product in the home or third-country (foreign) market, or the constructed value of the subject merchandise. The Department compares the normal value to the export price or constructed export price to determine the margin of dumping, if any.

The Department initially seeks to calculate normal values based on price. If there are adequate sales in the home market (see **Viability**), the Department calculates normal value based on the price at which the foreign like product is first sold (generally, to unaffiliated parties) in that market; otherwise, if there are adequate sales in a third-country market, the Department calculates normal value based on the price at which the foreign like product is first sold (generally, to unaffiliated parties) in the third-country market. If there are no appropriate home or third-country market sales, the Department determines normal value by calculating the constructed value.

To ensure a fair comparison between normal value and export price or constructed export price, the Department makes adjustments to the price used to calculate the normal value. The Department adds U.S. packing charges and deducts any of the following expenses included in the foreign market price: packing charges, transportation costs, and any internal tax[36] that was rebated or not collected on the subject merchandise. The Department may make additional adjustments to account for differences in the conditions under which sales are made in the United States and the foreign market. Thus, the Department may increase or decrease the normal value to account for differences in quantities, physical characteristics of the merchandise, levels of trade, and other circumstances of sale. (Section 773(a) and 773(c) of the Act.)

Ordinary Course of Trade

In calculating normal value, the Department considers only those sales in the foreign market that are in the ordinary course of trade. Generally, sales are in the ordinary course of trade if made under conditions and practices that, for a reasonable period of time prior to the date of sale of the subject merchandise, have been normal for sales of the foreign like product. (Section 771(15) of the Act; section 351.102(b) of the regulations. See also **Arms-length Transactions**.)

Price Adjustments

[36] Any internal tax other than an export tax or duty, or other charge described in section 771(6)(C) of the Act.

A price adjustment is any change in the price charged for subject merchandise or the foreign like product that is reflected in the purchaser's net outlay. Discounts and rebates are examples of price adjustments.

A discount is a reduction to the gross price that a buyer is charged for goods. Although the discount need not be stated on the invoice, the buyer remits to the seller only the face amount of the invoice, less discounts. Common types of discounts include early payment discounts, quantity discounts, and loyalty discounts.

Similar to discounts, rebates are reductions in the gross price that a buyer is charged for goods. Unlike discounts, rebates do not result in a reduction in the remittance from the buyer to the seller for the particular merchandise with which the rebate is associated. Rather, a rebate is a refund of monies paid, a credit against monies due on future purchases, or the conveyance of some other item of value by the seller to the buyer after the buyer has paid for the merchandise. When the seller establishes the terms and conditions under which the rebate will be granted at or before the time of sale, the Department reduces the gross selling price by the amount of the rebate. (Section 351.102(b) of the regulations. See also **Direct vs. Indirect Expenses**.)

Proprietary Information

Proprietary information is sensitive business data that would cause substantial harm to the submitting party if disclosed publicly. Examples of information that the Department normally treats as proprietary, if requested and not already in the public domain, include trade secrets concerning the production process, production and distribution costs, terms of sale, individual prices, and the names of customers and suppliers.

Proprietary Treatment

If a party requests proprietary treatment of information, and if the Department agrees that the information is proprietary, the Department will protect the information from public disclosure. If the Department does not agree that the information is proprietary, it will return the information and not rely on it in the proceeding, unless the submitting party agrees that it may be made public. When requested, the Department will disclose proprietary information only to United States International Trade Commission and United States Customs Service officials and, under limited administrative protective orders, representatives of interested parties. (Section 777(b) of the Act. See also **Administrative Protective Order**.)

Rebates

See **Price Adjustments**

Regulations

See **Antidumping Law and Regulations**

Similar Merchandise

In deciding which sales of the foreign like product to compare to sales of the subject merchandise, the Department first seeks to compare sales of identical merchandise. If there are no sales of the identical foreign like product, the Department will compare sales of the foreign like product similar to the subject merchandise. The similar foreign like product is merchandise that is produced by the same manufacturer in the same country as the subject merchandise, and which, in order of preference, is either (1) similar to the subject merchandise in component materials, use, and value, or (2) similar in use to, and reasonably comparable to, the subject merchandise. (Section 771 (16) of the Act. See also **Identical Merchandise**, **Foreign Like Product**, and Appendix V.)

Subject Merchandise

Subject merchandise is the merchandise under investigation or review, *i.e.*, the merchandise described in Appendix III to the questionnaire, and sold in, or to, the United States. (Section 771(25) of the Act.)

Technical Service Expenses

Technical service expenses are typically incurred when a producer provides technical advice to customers which are industrial users of the product. Generally, the Department considers travel expenses and contract services performed by unaffiliated technicians to be direct expenses. The Department treats salaries paid to the seller's employees who provide technical services as indirect expenses.

Third-Country Market

When the Department cannot use home market sales as the basis for normal value, the preferred alternative method is the use of sales to a third-country market, *i.e.*, export sales of the foreign like product to a country other than the United States. Generally, in selecting a third-country market to be used as the foreign market, the Department will choose one of the three third-country markets with the largest aggregate quantity of sales of the foreign like product. In selecting which country, the Department will consider product similarity, the similarity of the third-country and U.S. markets, and whether the sales to the third country are representative. (Section 773(a)(1) of the Act; section 351.404 of the regulations. See also **Home Market** and **Viability**.)

Verification

To establish the adequacy and accuracy of information submitted in response to questionnaires and other requests for information, the Department examines the records of the party that provided the information and interviews company personnel who prepared the questionnaire response and are familiar with the sources of the data in the response. This process is called verification. The Department must verify information relied upon in making a final determination in an investigation, or in an administrative review when revocation of an antidumping order is properly requested. The Department also must verify information submitted in an administrative review if an interested party so requests and no verification of the producer or exporter had been conducted during the two immediately proceeding reviews of that producer or exporter, or if good cause for verification is shown. (Section 782(i) of the Act; section 351.307 of the regulations.)

Viability

To calculate normal value based on sales in the home market, the Department must determine that the volume of sales is adequate in that market and that a "particular market situation" does not make their use inappropriate. To calculate normal value based on sales in a third-country market, the Department must make the same determinations with respect to sales to the third country, and in addition the sales must be "representative." These determinations establish whether a market is viable.

The Department normally finds sales to be adequate if the quantity of the foreign like product sold is 5 percent or more of the quantity sold to the United States. In unusual situations, the Department may find that sales below the 5-percent threshold are adequate, or that sales above the threshold are not. Also in unusual situations, the Department may apply the 5-percent test on the basis of value, rather than quantity. The terms "particular market situation" and "representative" are undefined in the statute or the regulations. A particular market situation might exist, for example, where there was a single sale in the foreign market that constituted 5 percent or more of the quantity sold to the United States, or where government control of pricing is such that prices cannot be competitively set. (Section 773(a)(1) of the Act; section 351.404(b)(2) of the Department's regulations.)

Warehousing Expenses

See **Movement Expenses**

APPENDIX II

INSTRUCTIONS FOR SUBMITTING COMPUTER DATA

All electronic business proprietary information that is submitted during a proceeding must be releasable in its entirety under the terms of an **administrative protective order**. (During an investigation, the Department may not release customer names or any information that would lead to their identity. If your standard customer code plainly identifies the customer, immediately contact the official in charge to obtain authorization for the use of a substitute code.)

If you are not able to prepare computer files or if you have any questions concerning the submission of electronic media, contact the official in charge.

This appendix covers the following topics: computer file contents, file formats, computer media specifications, and filing instructions.

A. DESCRIPTION OF COMPUTER FILE CONTENTS

Each file submitted should be assigned a unique eight character name. We suggest that the first four positions be used to identify the respondent's name, the next two positions the type of file (*e.g.*, HM = home market sales; US = United States sales; CP = cost of production), and the last two positions a sequential file number.

For example, the first file of export sales to the United States would be named "FIRMUS01". If that data file were amended and resubmitted during the course of the proceeding, the second submission would be named "FIRMUS02", and the third submission "FIRMUS03".

Within each file, all information pertaining to a specific sales transaction or to the cost of production for a unique product should be included in one record (row). Each record should contain the fields (variables) defined in the suggested file formats included in section B (Foreign Market Sales), section C (United States Sales), section D (Cost of Production and Constructed Value) and section E (U.S. Further Manufacturing) of the questionnaire.

In preparing the files, left justify character fields (columns) and right justify numeric fields. If some of the fields in the suggested file formats are not needed, exclude them from the file. Explain in the narrative portion of your response why the information in those fields is not applicable. If a particular field is not relevant for certain records in the file, enter for those records a zero in the field. Do not leave any fields blank, as it will be mistaken for an error. Make sure that all reported fields contain values.

When preparing the completed files for submission, sort each file first by product control number ("CONNUM"), and then, for sales files only, by date of sale ("SALEDT").

B. FILE FORMAT

Because the suggested file formats can be modified to add or delete fields, we have not specified record length or field position in the file formats. The Department, however, does require that each file have a fixed record length and a uniform structure. Every record within a file must be of the same length and must be formatted exactly like every other record in the file. This requires that each field within a record have a fixed width and that the fields be consistent from record to record.

Provide a record layout for each submitted file which identifies the file name and structure and shows the name, position, and characteristics of all fields in the file.

In addition to the record layout, prepare a chart for each file with the following information:

1. variable name of each field
2. short description of the variable
3. unit of measurement (where applicable)
4. unit of currency (for monetary variables)

We suggest that you integrate this information with the record layout. The record layout and chart should be included as attachments to your narrative response to the questionnaire.

Packed decimals should be avoided. If you anticipate the use of packed decimals, approval should be obtained from the official in charge.

ADDITIONAL FORMATTING REQUIREMENTS FOR LOTUS 1-2-3 FILES

When submitting files in Lotus 1-2-3, please observe the following formatting instructions:

? The data file should contain fields and rows only.

? The first row should contain the field names as defined in the suggested file formats.

? Field names should be a maximum length of 8 characters.

? There should be no hidden fields in the file.

? Date rows should be in a recognizable Lotus 1-2-3 format (*i.e.*, 31-Dec-1997).
? Numeric-only fields should be in one of the following formats:
- automatic
- comma
- currency
- fixed
- general

? Numeric/character fields should be formatted as a label only.

? Character fields should be in one of the following formats:
- automatic
- label
- text

? Do not protect fields.

C. COMPUTER MEDIA SPECIFICATIONS AND DOCUMENTATION

You may submit your files on any of the computer media listed below. Please use the electronic media specifications and format instructions described. PC SAS is recommended. If you do not have PC SAS, contact the official in charge to determine other suitable formats (*i.e.*, dBase, Lotus 1-2-3, *etc.*). If you have PC SAS, dBase, or Lotus 1-2-3 capability, contact the Official in Charge to determine which format is most suitable. You may submit multiple files on a single tape, cartridge, or diskette.

Please note that a 9-Track Tape is the default medium. If you can fit your entire database onto one or two cartridges (a lesser media), then you may use a cartridge. If you need more than one or two cartridges, you must submit a 9-Track Tape. If you can fit your entire database onto one or two diskettes (the lowest media), then you may use a diskette. If you need more than one or two diskettes, you must submit a cartridge or 9-Track Tape. Compressed datasets must conform to these instructions. Decompression instructions and software must accompany any compressed data submission.

1. 9-Track Tape: The tape can have a density of either 1600 or 6250 BPI. The characters may be coded in ASCII or EBCDIC alphanumeric. The tape may be blocked or unblocked and may contain a label. Blocked and labeled tapes are preferred, but the block size and label must be accurate. The block size is optional, but must be a multiple of the record length for the file. Indicate if the tape is an IBM standard label tape, another type of labeled tape, or an unlabeled tape. Identify the specific location of all zoned or packed decimals.

2. DC 6000x Series Tape Cartridge: Our IBM-compatible PC's, which have WANGDAT tape backup drives and use BACKUP EXEC software, can only read DC 6000x series tape cartridges with a QIC format. The data on the cartridge must not be compressed and should be encoded either in ASCII format or, at your option, in PC SAS, dBase, or Lotus 1-2-3 formats. Specify on the cartridge label which format you used.

3. Diskette: Standard double-sided, high density, 3.5 inch diskettes are preferred, but double-sided, high density, 5.25 inch diskettes will be accepted. Since the files on the diskette must be readable by an IBM-compatible PC, the data must be encoded in ASCII format or, at your option, in PC SAS, dBase, or Lotus 1-2-3 formats. Specify on the diskette label which format you used.

Attach a gummed label to the media displaying the following information:

1. 9-Track Tape
   a. Case name, case number, and submission date
   b. Name of respondent
   c. Proceeding and time period (for example, REV-POR[1/95-12/95] or AR#2-POR[3/94-2/95])
   d. Name of Official in Charge
   e. Tape density and number of tracks
   f. Alphanumeric character type (ASCII or EBCDIC)
   g. Number of characters/record (record length)
   h. Number of characters/block (block size)
   i. Number of files
   j. File names and number of observations
   k. Volume series of tape (if labeled)

2. DC 6000x Series Tape Cartridge or Diskette
   a. Case name, case number, and submission date
   b. Name of respondent
   c. Proceeding and Time Period (for example, REV-POR[1/95-12/95] or AR#2-POR[3/94-2/95])
   d. Name of Official in Charge
   e. File formats and software used to create files
   f. File names, number of observations, and record length

D. FILING INSTRUCTIONS

Separately pack the labeled electronic media, record layouts, file information charts, and printouts (see General Instructions, part II, instruction 11). Place a label on the package containing your name, address, and telephone number plus the case name, case number, and name of the Official in Charge. Deliver the package with your narrative response to the address listed on the cover page of this questionnaire.

APPENDIX III

DESCRIPTION OF PRODUCTS UNDER REVIEW

The merchandise under review is _____.

The merchandise under review is currently classifiable under item _____ of the

Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is

provided for convenience and customs purposes, the written description of the merchandise

under review is dispositive of whether or not the merchandise is covered by the review.

APPENDIX IV

CERTIFICATE OF SERVICE

I, _____, hereby certify that a copy of the
(name of certifying official)

foregoing submission on behalf of _____,
(company name)

dated _____, was served by first class mail or by hand delivery (circle the method

used) on the following parties:

(Business Proprietary Version)

On Behalf of

Name and address

(Public Version)

On Behalf of

Name and address

_____
(signature of certifying official)

APPENDIX IV (cont.)

COMPANY OFFICIAL CERTIFICATION

I, _____, currently employed
(name and title)

by _____, certify that (1) I have
(Interested Party)

read the attached submission, and (2) the information contained in

this submission is, to the best of my knowledge, complete and

accurate.

_____
(signature of certifying official)

APPENDIX V

CASE-SPECIFIC QUESTIONS AND MODIFICATIONS, INCLUDING MATCHING CRITERIA