discussed above and in the *Interested Party Comments* section of this notice, below.

In accordance with section 773(b) of the Act, we also examined whether the home market sales of each product were made at prices below their COP in substantial quantities over an extended period of time, and whether such sales were made at prices that would permit recovery of all costs within a reasonable period of time in the normal course of trade.

For each product where less than ten percent, by quantity, of the home market sales during the POI were made at prices below the COP, we included all sales of that model for the computation of FMV. For each product where ten percent or more, but less than 90 percent, of the home market sales during the POI were priced below the COP, we disregarded from the calculation of FMV those home market sales which were priced below the COP, provided that the below-cost sales of that product were made over an extended period of time. Where we found that more than 90 percent of respondent's sales were at prices below the COP, and such sales were over an extended period of time, we disregarded all sales of that product.

In order to determine whether belowcost sales had been made over an extended period of time, in accordance with section 773(b)(1) of the Act, we compared the number of months in which below-cost sales occurred for each product to the number of months in the POI in which that product was sold. If a product was sold in three or more months of the POI, we did not exclude below-cost sales unless there were below-cost sales in at least three months during the POI. When we found that sales of a product only occurred in one or two months, the number of months in which the sales occurred constituted the extended period of time; i.e., where sales of a product were made in only two months, the extended period of time was two months, where sales of a product were made in only one month, the extended period of time was one month. (See Preliminary Results and Partial Termination of Antidumping Duty Administrative Reviews: Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan (58) FR 69336, 69338, December 10, 1993)

Interfit provided no indication that its below cost sales were at prices that would permit recovery of all costs within a reasonable period of time and in the normal course of trade. (*See*, section 773(b)(2); 19 U.S.C. 1677b(b)(2)).

## Constructed Value

Where all home market sales of a product were disregarded, we based FMV on CV. We calculated CV based on the sum of the adjusted cost of materials, fabrication, general expenses, U.S. packing costs and profit. We adjusted the cost of materials as discussed in the Interested Party Comments section of this notice, below. In accordance with section 773(e)(1)(B)(i) and (ii) of the Act, we (1) included the greater of Interfit's reported general expenses or the statutory minimum of ten percent of the cost of manufacture ("COM"), as appropriate, and (2) for profit, we used the statutory minimum of eight percent of the sum of COM and general expenses.

## Price-to-Price Comparisons

For price-to-price comparisons, we calculated FMV based on ex-factory or delivered prices, inclusive of packing to home market customers. We deducted rebates, where appropriate. We also deducted home market packing costs and added U.S. packing costs in accordance with section 773(a)(1) of the Act.

In light of the Court of Appeals for the Federal Circuit's decision in Ad Hoc Committee of AZ-NM-TX-FL Producers of Gray Portland Cement V. United States, 13 F. 3d 398 (Fed. Cir., January 5, 1994), the Department can no longer deduct home market movement charges from FMV pursuant to the Department's inherent power to fill in gaps in the antidumping statute. Instead, we adjust for direct movement expenses under the circumstance-of-sale provision of 19 CFR 353.56(a). Accordingly, in the present case, we deducted post-sale home market movement charges from the FMV under the circumstance-of-sale provision of 19 CFR 353.56(a). This adjustment included home market inland freight and insurance.

For both price-to-price comparisons and comparisons to CV, we made circumstance-of-sale adjustments, where appropriate, for differences in credit expenses, pursuant to 19 CFR 353.56(a)(2). In calculating U.S. credit expense, we used the respondent's cost of borrowing in U.S. dollars during the POI. In instances where Interfit had not reported a shipment and/or payment date, we recalculated Interfit's reported credit expense.

We have not made a deduction for direct selling expenses reported by respondent because we determined that these expenses (product liability and inventory carrying costs) are, in fact, indirect selling expenses. However, we have deducted indirect selling expenses,

capped by the commissions paid to Vallourec Inc., a related party in the U.S. market. For the preliminary determination, we did not recognize these commissions because we did not have an appropriate benchmark against which to test whether the commission arrangement was at arm's length. However, we verified that Interfit pays the same commissions to both related and unrelated parties, with the exception of a single unrelated party that receives a higher rate. In LMI-La Metalli Industriale, S.p.A. v. United States, 912 F.2d 455, 459 (Fed. Cir. 1990) (LMI), the CAFC indicated that related party commissions can and should be adjusted for if the commissions are at arm's length and are directly related to the sales under review. Because the vast majority of commissions to related and unrelated parties are at a single rate, we find these conditions are met in this case. Therefore, we deducted indirect expenses incurred for home market sales up to the amount of the U.S. commission. We then added the U.S. commission to the FMV or CV, as appropriate.

We adjusted for VAT in the home market in accordance with our practice. (See the *United States Price* section of this notice, above.)

## Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. *See 19* CFR 353.60.

Final Negative Determination of Critical Circumstances

Petitioner alleged that critical circumstances exist with respect to imports of pipe fittings from France. In our preliminary determination, pursuant to section 733(e)(1) of the Act and 19 CFR 353.16, we analyzed the allegation using the Department's standard methodology. Because no additional information has been submitted since the preliminary determination, the Department performed the same analysis as explained in its preliminary finding. Based on this analysis, the Department determines, in accordance with section 735(a)(3) of the Act, that critical circumstances do not exist with respect to imports of certain carbon steel buttweld pipe fittings from France.

## Verification

As provided in section 776(b) of the Act, we verified information provided by the respondent using standard verification procedures, including the