provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Karmen's Exports of Refurbished Pipe Fittings

Karmen reported that it has an arrangement with a Singaporean company, under which the Singaporean company supplies Karmen with rusty pipe fittings. Karmen reconditions and refurbishes these pipe fittings and sends them to the Singaporean company's U.S. customer. Petitioner and Karmen agree with the Department's preliminary determination that these "sales" of refurbished pipe fittings are not subject to this investigation.

For purposes of this final determination, we are continuing to treat these "sales" as outside the scope of our investigation and, hence, not subject to any potential antidumping order on butt-weld pipe fittings from India. Karmen essentially performs a tolling service for its Singaporean customer. Moreover, Karmen does not "substantially transform" these pipe

fittings.

Substantial transformation generally refers to a degree of processing or manufacturing resulting in a new and different article. Through that transformation, the new article becomes a product of the country in which it was processed or manufactured. See Cold-Rolled Steel from Argentina, 58 FR 37062, 37065 (1993) (Appendix I). Commerce makes these determinations on a case-by-case-basis. See, e.g., Certain Fresh Cut Flowers from Colombia, 55 FR 20291, 20299 (1990); Limousines from Canada, 55 FR 11036, 11040 (1990).

In determining whether Karmen substantially transformed these pipe fittings, we examined whether the degree of processing or manufacturing resulted in a new and different article. Karmen receives rusty pipe fittings from Singapore, it removes the rust, paints the fitting, and forwards it to the Singaporean company's customer. We do not consider this refurbishing process as substantially transforming the subject merchandise because it remains a pipe fitting after refurbishment. Therefore, because Karmen does not substantially transform the merchandise, we do not consider it as falling within the scope of this proceeding.

Period of Investigation

The period of investigation (POI) is September 1, 1993 through February 28, 1994, for Sivanandha and August 1, 1993 through February 28, 1994, for Karmen. The preliminary determination in this investigation provides an explanation regarding the different POIs for each company.

Such or Similar Comparisons

For Sivanandha, in making our fair value comparisons, we first compared merchandise identical in all respects in accordance with the Department's standard methodology. If no identical merchandise was sold, we compared the most similar merchandise, as determined by the model-matching criteria contained in Appendix V of the questionnaire (Appendix V) (on file in Room B-099 of the main building of the Department of Commerce (Public File)). For the U.S. sales compared to sales of similar merchandise, we made an adjustment, pursuant to 19 CFR 353.57, for physical differences in merchandise.

Karmen did not make home market or third country sales of the subject merchandise. Therefore, we based foreign market value (FMV) on constructed value (CV), in accordance with section 773(a)(2) of the Act.

Fair Value Comparisons

To determine whether Sivanandha's and Karmen's sales for export to the United States were made at less than fair value, we compared the United States price (USP) to the FMV, as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

We made revisions to Sivanandha's and Karmen's reported data, where appropriate, based on verification findings.

United States Price

Because Sivanandha's and Karmen's U.S. sales of subject merchandise were made to unrelated purchasers prior to importation into the United States, and exporter's sales price methodology was not indicated by other circumstances, we based USP on the purchase price (PP) sales methodology in accordance with section 772(b) of the Act.

We calculated Sivanandha's USP based on packed, CIF prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, containerization, ocean freight, and marine insurance.

We recalculated Sivanandha's marine insurance expense, so it is allocated on a value basis instead of a weight basis.

For Sivanandha, in accordance with Section 772(d)(1)(B) of the Act, we added the amount of import duties imposed on inputs which were subsequently rebated upon exportation of the finished merchandise to the United States.

We also made an adjustment for taxes paid on the comparison sales in India, in accordance with our practice, pursuant to the Court of International Trade (CIT) decision in Federal-Mogul, et al v. United States, 834 F. Supp. 1993. See, Color Negative Photographic Paper and Chemical Components Thereof from Japan, 59 FR 16177, 16179, April 6, 1994 for an explanation of this tax methodology.

We calculated Karmen's USP based on packed, CIF prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, containerization, ocean freight, and marine insurance. We recalculated Karmen's marine insurance expense, so it is allocated on a value basis instead of a weight basis.

Foreign Market Value

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating Sivanandha's FMV, we compared the volume of home market sales of subject merchandise to the volume of third country sales of subject merchandise, in accordance with section 773(a)(1)(B) of the Act. Based on this comparison, we determined that Sivanandha's home market was viable.

For Sivanandha, we calculated FMV based on delivered prices, inclusive of packing to home market customers. From these prices, we deducted commission, where appropriate.

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 no longer can deduct home market movement charges from FMV pursuant to its inherent power to fill in gaps in the antidumping statute. Instead, we adjust for those expenses under the circumstance-of-sale (COS) provision of 19 CFR 353.56(a). Accordingly, in the present case, we adjusted for post-sale home market movement charges under the COS provision of 19 CFR 353.56(a). This adjustment included home market inland freight.

For Sivanandha, we also made COS adjustments for differences in quality inspection charges, and credit. In accordance with 19 CFR 353.56(b)(1), we added U.S. indirect selling expenses as an offset to the home market commission, but capped this addition by the amount of the home market commission. Finally, we deducted home market packing expenses and added U.S. packing expenses to Sivanandha's