which joins the fitting to the pipe. These pipe fittings are currently classifiable under subheading 7307.93.3000 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheading is provided for convenience and Customs purposes, our written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation ("POI") is September 1, 1993, through February 28, 1994.

Such or Similar Comparisons

In making our fair value comparisons, we first compared sales of merchandise identical in all respects, in accordance with the Department's standard methodology. If no identical merchandise was sold, we compared sales of 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")).

Fair Value Comparisons

To determine whether BKL's sales for export to the United States were made at less than fair value, we compared the United States price ("USP") to the foreign market value ("FMV"), as specified in the "United States Price" and "Foreign Market Value" sections of this notice. For those U.S. sales compared to sales of similar merchandise, we made an adjustment, pursuant to 19 CFR 353.57, for physical differences in the merchandise.

We compared U.S. sales, where possible, with sales in the home market at the same level of trade, in accordance with 19 CFR 353.58.

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

United States Price

Where BKL's U.S. sales of pipe fittings were made to an unrelated distributor in the United States prior to importation, and the exporter's sales price ("ESP") methodology was not indicated by other circumstances, we based USP on the purchase price sales methodology in accordance with section 772(b) of the Act.

We calculated purchase price based on packed, c.i.f. import prices to an unrelated customer in the United States. We made deductions, where appropriate, for foreign brokerage, foreign inland freight, ocean freight, marine insurance, U.S. brokerage and U.S. duty. Where sales to the first unrelated purchaser took place after importation of the subject merchandise into the United States, we calculated USP using the ESP methodology, in accordance with section 772(c) of the Act.

For ESP sales, we made deductions, where appropriate, for discounts, foreign brokerage, foreign inland freight, ocean freight, marine insurance, U.S. duty, U.S. inland freight, and U.S. brokerage and handling. In addition, we deducted credit expense, indirect selling expense, inventory carrying costs, and commissions to an unrelated agent.

We made an adjustment to USP for value-added tax ("VAT") assessed on comparison sales in the U.K. 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. 1391. See *Preliminary Antidumping Duty Determination: Color Negative Photographic Paper and Chemical Components from Japan*, 59 FR 16177, 16179 (April 6, 1994), for an explanation of this methodology.

For pipe fittings that were further manufactured in the United States, we deducted all value added in the United States, pursuant to section 772(e)(3) of the Act. The value added consists of the cost of fabrication and general expenses associated with the further manufacturing operations, as well as a proportional amount of profit or loss attributable to the further manufacture. (See, e.g., Notice of Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate from France, 58 FR 37125 (July 9, 1993).) We calculated profit or loss by deducting from the sales price of the further manufactured merchandise the related production costs and selling expense incurred by the company in both the U.K. and the United States. We then allocated total profit or loss proportionately to all components of cost. We included only the profit or loss allocated to the further manufacturing portion of total cost in our calculation of value added. We adjusted BKL's allocation of general and administrative ("G&A") expenses for further manufactured sales to an allocation based on cost of sales rather than weight.

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 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. BKL's volume of home market sales was greater than five percent of the aggregate volume of third country sales. Therefore, we determined that the home market constituted a viable basis for calculating FMV, in accordance with 19 CFR 353.48(a).

For purposes of calculating FMV, we used BKL's sales to its home market customers and constructed value ("CV"), as described below. We excluded from the home market database any sales of fittings not manufactured by BKL.

Cost of Production

Petitioner alleged that BKL made home market sales during the POI at prices below the cost of production ("COP"). In the course of this investigation, we gathered and verified data on production costs.

In order to determine whether home market prices were below the COP within the meaning of section 773(b) of the Act, we performed a productspecific cost test, in which we examined whether each product sold in the home market during the POI was priced below the COP of that product. We calculated COP based on the sum of BKL's cost of materials, fabrication, general expenses, and packing, in accordance with 19 CFR 353.51(c). For each product, we compared this sum to the home market unit price, net of movement expenses and rebates. We made changes, where appropriate, to submitted COP data, as discussed 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 did not include in the calculation of FMV those home market sales which were priced below the COP, provided that the below-cost sales of