7185, 7310. Conversely, when the quantity or value of the imported product is insignificant in comparison to that of the finished product, we are not required to calculate a USP for the imported merchandise. Therefore, we conclude that Congress did not intend that a USP be calculated in these situations and hence that no dumping duties are due. See H. Rep. No. 571, 93d Cong. 1st. Sess. 70 (1973).

Based on section 772(e)(3) of the Tariff Act (19 USC 1677a(e)(3)) and the applicable legislative history, we developed a practice whereby we do not calculate and do not assess antidumping duties on subject merchandise imported by a related party and further processed where the subject merchandise comprises less than one percent of the value of the finished product sold to the first unrelated customer in the United States. See AFBs III (at 39732, 39737). See Roller Chain I at 51804. In situations such as this one, in which the statute provides general guidance and leaves the application of a particular methodology to the administering authority, we are given significant discretion in determining the precise methodology to be applied in each case. Inasmuch as our statutory interpretation is not an unalterable rule, it does not constitute rule-making without compliance with the Administrative Procedure Act. See Zenith Elec. Corp. v. United States, 988 F.2d 1573, 1583 (Fed. Cir. 1993). The application of a onepercent threshold, based on a comparison of entered value of the imported product to the sale price of the finished product, constitutes such a use of the Department's discretion.

We disagree with Torrington's assertion that the "Roller Chain" rule has created a vehicle for circumvention of the antidumping duty order. The antidumping statute provides for the assessment of antidumping duties only to the extent of the dumping that occurs. If there can be no determination of any dumping margin where the imported merchandise is an insignificant part of the product sold in the United States, then there is no dumping to offset and, therefore, antidumping duties are not appropriate. Furthermore, the "Roller Chain" principle acts only to exclude subject merchandise from assessment of antidumping duties during the POR. We continue to require cash deposits of estimated antidumping duties for all future entries, including entries of bearings potentially excludable from assessment under the "Roller Chain" principle. This is because we have no way of knowing at the time of entry whether the "Roller Chain" principle will operate to exclude any particular

entry from assessment of antidumping duties. Any decision to exclude subject merchandise from assessment of antidumping duties based on a "Roller Chain" analysis is made on a case-bycase basis during administrative reviews. See *AFBs I* (at 31703).

In order to apply the "Roller Chain" principle, we must examine ESP transactions involving subject merchandise during the POR to determine whether the amount of the subject merchandise is an insignificant part of the amount of the finished product sold to the first unrelated customer in the United States. We agree with Koyo that the entered value, rather than the resale value of the bearings as suggested by Torrington, provides a more appropriate basis for the onepercent test. Although resale prices of identical models sold to unrelated parties could be used in some instances in the numerator in place of entered value, such prices are not always available for each model, nor for all companies. In those instances where no resale price is available, we would have to rely on entered values anyway.

Moreover, we formulated the onepercent "Roller Chain" threshold based on the ratio of the entered value to the resale price of the further-manufactured item. If we had chosen to use the resale price in calculating this ratio, we might have chose a ratio higher than onepercent. This is because the resale price will normally be higher than the entered value, as it would include the mark-up of the related importer. Regarding Torrington's claim that the transfer price can be manipulated, we note that the U.S. Customs Service must ensure that such price represents a reasonable commercial value. Thus, we conclude that our use of entered value in the

'Roller Chain' ratio is reasonable.

Comment 2: Torrington argues that NMB/Pelmec-Singapore and NMB/ Pelmec-Thailand's (NMB/Pelmec) "Roller Chain" sales databases are inaccurate. Torrington states that the U.S. sales verification report indicates that "the invoice does not always show the correct country of origin." See NMB/ Pelmec ESP verification report, February 10, 1994. Furthermore, Torrington alleges that the Department discovered at verification that a bearing manufactured in Singapore was incorrectly reported in the Thai response. Torrington argues that during the POR, NMB/Pelmec had only one "Roller Chain" sale of the subject merchandise. Therefore, the evidence on record, as indicated by the transaction randomly selected at verification, reveals that NMB/Pelmec's "Roller Chain" database is inaccurate.

The NMB/Pelmec refutes Torrington's argument by stating that it provided the Department with all the information necessary to perform the appropriate dumping comparison for furthermanufactured sales. In addition, the Department did not "discover that a bearing manufactured in Singapore was incorrectly reported in the Thai response."

Department's Position: We agree with respondent. Although the invoice did not always show the correct country of origin, the shipping document did. We verified country of origin during the ESP verification and found it to be correctly reported. In addition, contrary to Torrington's allegations, we did not discover that a bearing manufactured in Singapore was incorrectly reported in the Thailand response. See NMB/Pelmec ESP verification report, February 10, 1994.

Comment 3: Torrington argues that by manipulating transfer prices, NMB/Pelmec could create exclusions from the antidumping duty order based on the "Roller Chain" analysis. Torrington contends that it is inappropriate to use entered value as the basis for valuation of subject merchandise. Instead, the value should be derived from the ESP, less any value added. 19 USC 1677a(e)(3). Torrington states that the Department should use the average ESP by part number for purposes of the one-percent "Roller Chain" test.

NMB/Pelmec argues that using a value other than the entered value would not make the one-percent "Roller Chain" test any more accurate.

Department's Position: We disagree with Torrington. The use of entered value is appropriate because it is the best indication of the imported value of subject merchandise included in the finished product, and the purpose of the "Roller Chain" test is to determine the value of the subject merchandise as imported in relation to the value of the finished product as finally sold to an unrelated party in the United States. See comment 1. In addition, Torrington's concerns about manipulation of transfer prices are unfounded. The U.S. Customs Service will not accept transfer prices as entered value if these prices do not reflect the commercial value of the merchandise.

Comment 4: Torrington argues that the Department should reject Koyo's request for exclusion under Roller Chain I since the company reported estimated resale prices of finished and further processed products without providing supporting documentation. Torrington further contends that Koyo used weighted-average entered values for its "Roller Chain" calculations without