response, RHP provided a full explanation and quantification of its packing material and labor costs in the supplemental questionnaire response. See RHP Section B Response (September 21, 1993) and RHP Supplemental Questionnaire Response (December 16, 1993). We agree with RHP that it reported its actual packing materials and labor costs. Torrington has not provided any support for its allegation that RHP reported standard costs and not actual costs. Therefore, there is no need to apply BIA to RHP's packing expenses.

Comment 10: Torrington and Federal-Mogul argue that INA's method of calculating per-unit ocean freight, U.S. inland freight, and U.S. brokerage and handling charges understates the perunit amounts incurred for each expense. Specifically, Federal-Mogul contends that INA's calculation of per-unit expenses using a simple average obscures the fact that INA must have incurred significantly higher per-unit expenses for air shipments than for sea shipments. Torrington states that INA's method of calculating average charges is based on shipments that are not representative of all INA's sales, and understates per-unit charges by giving disproportionate weight to high value shipments with low per-unit freight costs. In order to account for this disparity, Federal-Mogul requests that the Department revise INA's calculation of per-unit amounts for these expenses by using a single weighted average derived from the per-unit amounts for air shipments and for sea shipments, respectively. Alternatively, Torrington requests that the Department revise INA's reported per-unit movement charges by calculating a simple average of the per-unit charges for each shipment in INA's sample.

INA responds that the Department has accepted in each previous review the method used in this review to calculate the per-unit movement charges at issue. INA further argues that the Department concluded that INA's reporting method yielded representative results after conducting two separate tests at verification to determine whether INA's methodology was reasonable. Finally, INA contends that Federal-Mogul has not demonstrated that the methodology that it proposes would yield more accurate results than the methodology used by INA, and that Torrington's method of calculating a simple average would result in a per-unit expense that, when multiplied by the weight of the shipments, would yield total charges far in excess of those actually incurred. Therefore, INA concludes that the Department should not modify INA's

method of calculating the per-unit movement charges at issue for these final results.

Department's Position: We agree with INA. At verification, we conducted two separate tests of INA's method of reporting per-unit movement charges on U.S. sales, and determined that INA's method yielded representative results. Further, neither Torrington nor Federal-Mogul has demonstrated that its proposed calculation method would yield more accurate results than INA's method. Accordingly, we have used the per-unit charges reported by INA in our calculations for these final results.

Comment 11: Torrington objects to the method used by INA to calculate perunit amounts for packing material and packing labor expenses incurred in Germany. Torrington states that the record does not clearly indicate whether the sales amount over which these expenses were allocated includes INA's prices to its U.S. subsidiary or the U.S. subsidiary's resale prices. If the sales amount includes the subsidiary's resale prices, then Torrington argues that INA improperly calculated per-unit expenses using its transfer prices to its U.S. subsidiary. If the sales amount includes transfer prices, then Torrington challenges INA's calculations on the grounds that transfer prices are subject to manipulation and, therefore, do not form an appropriate basis for the allocation of expenses. In either case, Torrington requests that the Department revise INA's calculations of per-unit packing materials and labor expenses for the final results.

INA responds that the sales amount used to allocate the packing expenses in question included INA's sales to its U.S. subsidiary at transfer prices. INA further asserts that its allocation of expenses over its total sales value represents a quantifiable and verifiable basis for allocating the expenses in question. As a result, INA concludes that the Department should accept the packing material and packing labor expenses as reported.

Department's Position: We agree with INA. At verification we examined the total home market sales values that were used to allocate various charges and expenses. We were able to disaggregate the total home market sales values into their constituent elements and trace these elements to audited financial statements. During this process, we found a separate account that INA uses to record sales to its U.S. subsidiary. V saw no evidence to suggest that INA recorded anything other than its transfer prices to its U.S. subsidiary in this account. Accordingly, we have determined that the total sales value

used to allocate its packing costs included INA's transfer prices to its U.S. subsidiary. Further, Torrington failed to demonstrate that INA's transfer prices were unreasonable or that INA systematically manipulated its transfer prices to shift expenses away from certain U.S. sales. In the absence of such evidence, INA's allocation of packing expenses over transfer prices is reasonable. As a result, we have accepted INA's use of transfer prices to calculate per-unit packing material and labor expenses incurred in Germany.

Comment 12: Federal-Mogul contends that NTN improperly calculated charges for shipping merchandise from Japan to the United States. According to Federal-Mogul, NTN combined ocean freight and air freight expenses that it incurred for shipments to the U.S., and allocated these expenses over all U.S. sales. Federal-Mogul states that because air freight is more expensive than ocean freight, NTN's calculation method understates the shipping charges for certain U.S. sales. Therefore, Federal-Mogul concludes that the Department should separate ocean freight and air freight charges and allocate them to the respective sales to which they apply.

NTN rejects Federal-Mogul's argument on the grounds that it is impossible to trace specific ESP sales to specific air or sea shipments from Japan. As a result, NTN concludes that the Department has no basis for revising NTN's reported air and ocean freight charges for ESP sales for these final results.

Department's Position: We agree with NTN. Because we do not require respondents to tie individual ESP sales to specific shipments, we also do not require respondents to report sale-specific air or ocean freight expenses for individual ESP sales. In the absence of the information required to tie air freight charges to specific U.S. sales, we have accepted for these final results the air and ocean freight charges as reported by NTN.

Comment 13: Torrington argues that NSK repackaging expenses were improperly allocated to all sales because NSK has admitted that repackaging does not occur on all orders. NSK Supplemental Response, at 6 (December 3, 1993). Citing Timken, 673 F. Supp. at 512–513, Torrington asserts that the Department should not permit respondents to achieve a reduction of USP if they have withheld data. Therefore, Torrington contends that the Department should allocate repacking expenses over sales at the distributor level for the final results.

NSK maintains it properly allocated repackaging expenses to all U.S. sales.