method is not ideal because it could place the Department in the position of reviewing entries made during the POR that contained merchandise that was sold after the POR. Second, Torrington proposes that the Department require respondents to submit adequate information to trace each entry directly to the sale in the United States. Torrington observes that at present this method would be impossible because the administrative record in this review does not permit tracing each sale to the entry.

Federal-Mogul states that the Department's methodology is logical because it establishes a link between the values calculated on the basis of the sales analyzed and the actual assessment values over time and, therefore, avoids the distortions that FAG's alternative would engender.

Department's Position: We disagree with the FAG-Italy. As stated in AFBs III (at 39737), section 751 of the Tariff Act requires that the Department calculate the amount by which the FMV exceeds the USP and assess antidumping duties on the basis of that amount. However, there is nothing in the statute that dictates how the actual assessment rate is to be determined from that amount.

In accordance with section 751, we calculated the difference between FMV and USP (the dumping margin) for all reported U.S. sales. For PP sales we have calculated assessment rates based on the total of these differences for each importer divided by the total number of units sold to that importer. Therefore, each importer is only liable for the duties related to its entries. In ESP cases, we generally cannot tie sales to specific entries. In addition, the calculation of specific antidumping duties for every entry made during the POR is impossible where dumping margins have been based on sampling, even if all sales could be tied to specific entries. Hence, for ESP sales, in order to obtain an accurate assessment of antidumping duties on all entries during the POR, we have expressed the difference between FMV and USP as a percentage of the entered value of the examined sales for each exporter/ importer (ad valorem rates). We will direct the U.S. Customs Service to assess antidumping duties by applying that percentage to the entered value of each of that importer's entries of subject merchandise under the relevant order during the POR.

This approach is equivalent to dividing the aggregate dumping margins, *i.e.*, the difference between statutory FMV and statutory USP for all sales reviewed, by the aggregate USP

value of those sales and adjusting the result by the average difference between USP and entered value for those sales. While we are aware that the entered value of sales during the POR is not necessarily equal to the entered value of entries during the POR, use of entered value of sales as the basis of the assessment rate permits the Department to collect a reasonable approximation of the antidumping duties that would have been determined if we had reviewed those sales of merchandise actually entered during the POR.

Comment 8: Federal-Mogul argues that the Department should disallow any additional credit expenses attributed to late payments made by SKF-Italy's HM customers. Citing Federal-Mogul Corp. v. United States, 824 F. Supp. 223 (1993), Federal-Mogul argues that, since COS adjustments are only allowed for those factors which affect price or value, additional credit expenses incurred from a purchaser's unexpected failure to pay within the agreed-upon period cannot affect the price which was set specifically in contemplation of payment being made at the end of the agreed-upon credit period. While Federal-Mogul acknowledges that SKF-Italy submitted an upward adjustment to FMV which reflects interest revenue collected from customers due to late payments, it asserts that this does not properly offset the late payment credit expenses since the interest revenue was calculated using an allocation while the additional credit expenses are transaction specific.

SKF-Italy contends that its credit expense calculations, which are based on the actual payment date, are consistent with Departmental policy. SKF-Italy cites the Department's position in Final Results of Antidumping Administrative Review; Certain Welded Carbon Steel Pipe and Tube Products from Turkey, 55 FR 42230, 42231 (1990), and Final Determination of Sales at Less than Fair Value; Certain Tapered Journal Roller Bearings and Parts Thereof From Italy, 49 FR 2278, 2279-80 (1984), to support its position. SKF-Italy states that interest revenue is a separate COS which has been verified and accepted by the Department in each of the three prior administrative reviews.

Department's Position: The Department disagrees with Federal-Mogul. Consistent with Departmental policy, we adjust for credit expenses based on sale-specific reporting of actual shipment and payment dates. See AFBs I at 31724. This policy recognizes the fact that all customers do not always pay according to the agreed terms of payment and that respondent is aware

of this fact when setting its price. Therefore, it would be inappropriate to make a COS adjustment for credit based entirely on the agreed terms of payment, since it would not take into account all of the circumstances surrounding a sale.

Comment 9: Torrington contends that, in the recalculation of COP for SKF-Italy, the Department inadvertently excluded research and development

(R&D) expenses.

According to SKF-Italy, R&D expenses were included in the recalculated general and administrative (G&A) expenses.

Department's Position: We agree with SKF-Italy that its R&D expenses were included in the revised G&A expenses included in the recalculation of COP.

Comment 10: Torrington argues that the Department should reject FAG-Italy's cost data because FAG-Italy provided costs for only completed bearings and not for the individual material elements as required by the questionnaire.

FAG-Italy argues that its cost responses were accurate and acceptable as reported because its model-specific COPs and CVs were correctly reported in accordance with Departmental precedent.

Department's Position: We agree with respondent. We have accepted FAG-Italy's cost data in this format for this review. Also, petitioners have provided no basis for the Department to reject FAG-Italy's cost responses.

Comment 11: Torrington argues that the Department's decision to treat SKF-Italy's early payment cash discounts as a direct expense is inconsistent with Departmental practice and is an error as a matter of law. Torrington notes that verification of SKF-Italy's cash discounts revealed that, for at least one sale examined, certain discounts did not fall within the range of discounts SKF submitted in its original response describing its early payment cash discount program. Torrington contends that the Department's practice is to require that discounts be part of a respondents standard business practice and not intended to avoid potential antidumping duty liability. Torrington argues that if the discounts offered in the HM are not made pursuant to specified terms contemplated at the time of sale, they should be disallowed because they could be designed to reduce the HM price and dumping margins found. Torrington asserts that, based on the findings at verification, the Department should reject SKF-Italy's HM cash discounts offered on the basis of terms of payment since they cannot be deemed reliable. At the very least, Torrington maintains, the Department