should eliminate any discounts granted to customers which are greater than the range of discounts described by SKF-Italy in its original response.

SKF-Italy maintains that the Department satisfactorily verified that customers received discounts as specified in the payment terms set forth in SKF-Italy's invoices. According to SKF-Italy, Torrington's statements pertain to the Department's verification of one of its sales traces. SKF-Italy asserts that a complete examination of this sale reveals that, consistent with its reporting methodology, SKF-Italy did not claim a cash discount for this HM transaction. Accordingly, SKF-Italy asserts that Torrington's discussion of this issue is pointless. Furthermore, SKF-Italy contends that Torrington is incorrect in arguing that only cash discounts granted according to specified terms contemplated at the date of sale are allowed. SKF-Italy claims that by reporting only actual cash discounts in both the HM and the United States, it has remained consistent with Departmental practice as outlined in the questionnaire.

Department's Position: We agree with petitioner that discounts should be part of a respondent's standard business practice and are not intended to avoid potential antidumping duty liability. However, our HM verification findings do not support petitioner's conclusions that SKF-Italy's reported cash discounts were not made pursuant to the discount program outlined in its response.

While verifying SKF-Italy's HM sales response, we found one sale in which SKF-Italy had booked the difference between the amount due and the amount paid by the customer as a cash discount. This occurred despite the fact that, pursuant to SKF-Italy's cash discount program, the customer did not qualify for a cash discount. However, in accordance with its reporting methodology for its discount program, SKF-Italy did not claim a cash discount on this sale in the response submitted to the Department. Our further examination of SKF-Italy's cash discounts confirmed that SKF-Italy's reported cash discounts were made pursuant to the terms listed on the sales invoice. Furthermore, we examined SKF-Italy's entire HM sales listing and found no cash discounts that exceeded the discount program outlined in the response. Therefore, we have accepted SKF-Italy's cash discounts for these final results.

*Comment 12:* Torrington argues that the Department's preliminary decision to deny FAG-Italy an adjustment for 1993 HM rebates based on the fact that FAG-Italy failed to report either actual

or estimated 1993 U.S. corporate rebates is insufficient. Torrington argues that FAG-Italy's failure to report 1993 corporate rebates is a fundamental deficiency which calls for the application of a "second-tier" BIA to those U.S. transactions in which FAG-Italy failed to properly report a corporate rebate. Torrington contends that the Department's preliminary response may reward FAG-Italy for its failure to report 1993 U.S. corporate rebates if the HM rebates denied do not apply to the same types of sales as those found in the U.S. market or are not of the same magnitude as the U.S. corporate rebates which went unreported. Torrington argues that, according to FAG-Italy's responses, the discount program in the HM more closely resembles U.S. corporate rebates than the HM rebates denied by the Department. Finally, Torrington asserts that when deciding what BIA approach to use for the final results, the Department should also consider the fact the FAG never clearly stated in its responses that it had not reported estimated 1993 corporate rebates.

FAG-Italy asserts that its rebates were accurately reported given the nature of the rebate programs in each market and that the use of BIA is unwarranted. The companies reported estimated 1993 rebates differently for the HM and U.S. markets because clear differences exist between their HM and U.S. rebate programs. Therefore, the Department erred in denying rebate adjustments in the HM on 1993 sales in order to remain consistent with FAG-US' methodology of not reporting 1993 rebates.

Department's Position: We agree with Torrington that disallowing an adjustment for FAG-Italy's estimated 1993 HM rebates is not the most appropriate means to account for respondent's failure to report estimated 1993 U.S. rebates. Accordingly, as BIA for these final results we used the highest 1992 U.S. corporate rebate rate to calculate corporate rebates for 1993 U.S. sales to customers that received rebates in 1992. We also made adjustments to FMV for estimated 1993 HM rebates as reported by respondents.

*Comment 13:* Torrington notes that changes to FAG-Italy's packing labor and material expense factors outlined in the analysis memo were not included in the margin program used to calculate the preliminary results. In addition, Torrington contends that the exchange rate factor was applied twice to the adjustment for marine insurance.

FAG-Italy contends that the preliminary computer program does contain the appropriate adjustment factors for its U.S. packing labor and material expenses. Additionally, FAG-Italy notes that the double application of the exchange rate to the adjustment for marine insurance was necessary to correct a conversion error committed by FAG-Italy in its computer response.

Department's Position: We agree with FAG-Italy. We included in the margin program the necessary corrections to FAG-Italy's packing expenses. In addition, we intentionally applied the exchange rate to the marine insurance adjustment twice to compensate for an exchange rate error committed in FAG-Italy's submitted data.

Comment 14: Federal-Mogul asserts that the Department should consider the expenses associated with a bonded warehouse maintained by SKF-Italy to accommodate sales to one U.S. customer as movement expenses and remove the expenses directly from the U.S. price. Federal-Mogul disagrees with the position taken by the Department in earlier reviews that characterized SKF-Italy's bonded warehouse expenses as indirect selling expenses because they were incurred prior to the date of sale. Federal-Mogul maintains that according to the CIT decision in Nihon Cement Co., Ltd. v. United States, 17 CIT Slip Op. 93-80 at 40 (1993), these warehousing expenses should be considered movement expenses because the subject merchandise is merely residing in the warehouse incident to bringing them from Italy to SKF-Italy's U.S. customer. Citing Carbon Steel Wire Rod from Trinidad and Tobago (48 FR 43206, 43208), and NTN Bearing Corporation of America v. United States, 14 CIT 623, 747 F. Supp. 726 (1990), Federal-Mogul argues that since the pre-sale warehousing expenses are directly related to sales to the one customer served by the warehouse they qualify as movement expenses and should be removed directly from the U.S. price.

SKF-Italy notes that the Department rejected a similar argument in a prior review (see AFBs II at 28398) and contends that no valid reason has been presented to support a different result. SKF-Italy maintains that according to the CIT's definition of warehousing expense in the Nihon Cement case cited by Federal-Mogul ("expenses associated with putting aside merchandise in a structure or room for use when needed"), the expenses associated with SKF's FTZ bonded warehouse constitute warehousing expenses and not movement expenses. SKF-Italy further argues that the number of customers served by a warehouse does not in any way transform the expenses into movement expenses.