

The second methodology used by the petitioners was based on U.S. retail prices obtained from 1) the domestic industry's weekly sales reports compiled by the petitioners' own sales representative for November and December of 1994, and 2) *InfoScan Markets*, which reports published weekly prices charged by U.S. retailers for pasta for the month of January 1995. The prices used were for brand name products of two Italian producers, and were adjusted downward for U.S. ocean freight and other movement charges.

The petitioners used Italian producer price lists to wholesale customers obtained from a market research report as the basis for normal value. For comparisons to the three U.S. retail prices, the petitioners selected a single "regular or regular cut" pasta price from the appropriate producer's price list. For comparisons to the U.S. AUVs, the petitioners selected a single price from a producers' price list. Because the prices were reported in Italian lire per kilogram (kg), the petitioners calculated the lire per pound (lb) equivalent for each product listed and then converted to U.S. dollars per pound using the average exchange rate for the two month period that is used to calculate the U.S. prices. The petitioners deducted a nine percent quantity discount and 7.5 percent "other discount" based on the Italian market research report. Finally, the petitioners made an adjustment to normal value for U.S. and Italian imputed credit expenses.

We find the petitioners' selection of home market prices not to be representative comparisons to the U.S. export price to which they are being compared. In the case of the AUVs, the petitioners have selected a single price of a specific pasta type to compare to an export price which is an average of all imports of the subject pasta from Italy. For purposes of this initiation, we have revised the normal value to a simple average of all of the subject pasta prices that are listed in the producer's price list used by the petitioners in their fair value comparisons. In the case of the export prices based on the three retail prices described as "regular or regular cuts," we have revised the normal value to be a simple average of the subject pasta prices that are listed in producer's price list used by the petitioners that are described in that price list as "regular" pasta.

Based on comparisons of export price to normal value, the estimated dumping margins for certain pasta from Italy range from 21.85 percent to 71.49 percent.

## Turkey

### Export Price and Normal Value

The petitioners based export price on the AUVs derived from the IM-146 monthly import statistics for HTSUS subheading 1902.19.20, published by the U.S. Department of Commerce for the months of January and February, 1995. Claiming that Turkey's economy is hyperinflationary, the petitioners used AUVs for the month when the comparison home market sales occurred as the basis for export price. Specifically, petitioners state that Turkey experienced an annual inflation rate of 70 percent during 1994, which rose to approximately 130 percent in early 1995. The AUVs were not adjusted for foreign inland freight. We find the AUVs a reasonable basis for export price for the same reasons stated above for Italy.

The petitioners based normal value on January and February 1995 prices between a Turkish producer and its wholesaler which were obtained by a market researcher. The gross home market prices were adjusted downward for the following costs: value added taxes, quantity discounts, special annual rebate, and average delivery costs. The petitioners converted the unit price quotes in Turkish lire to U.S. dollars using the exchange rates that were in effect on or about the time the home market sales occurred.

In accordance with Section 773(b)(2) of Act, the petitioners alleged that sales of certain pasta in the home market were made at prices below the cost of production (COP). The components of COP, as enumerated in Section 773(b)(3) of the Act, are the cost of manufacture (COM), packing and selling, general, and administrative (SG&A) expenses. SG&A includes the company's net financing expense.

The petitioners calculated COM based on their own production experience for January and February 1995, adjusted for known differences between costs incurred to produce certain pasta in the United States and production costs incurred for the merchandise in Turkey. For SG&A expenses, the petitioners used their own 1994 audited annual financial statements because they could not obtain financial statements for a Turkish pasta or food processing company. The Department normally uses cost information specific to the home market. However, the petitioners documented that they attempted to obtain financial statements through various sources but were unable to gather financial data on the Turkish pasta or food processing industry.

The allegation that the Turkish producers are selling the foreign like product in their home market at prices below its COP is based upon a comparison of the adjusted home market prices with the calculated COP. Based on this reasonably available information, we find reasonable grounds to believe or suspect that sales of the foreign like product may have been made at prices below COP in accordance with section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a cost investigation with respect to Turkey.

The petitioners calculated a constructed value (CV) using the same COM, packing and SG&A figures used to compute the Turkish home market costs for pasta. The petitioners also added to CV an amount for profit. To calculate profit, the petitioners relied on 1993 audited financial statements reported by a major Italian producer. Although the petitioners demonstrated significant efforts in attempting to obtain Turkish specific financial data for the pasta and food processing industries, we do not consider the profit of an Italian pasta producer an acceptable alternative. For purposes of this initiation, we have rejected the estimated margin based on CV, and have instead relied solely on the comparison of export price to the home market price above COP.

Based on this comparison of export price to normal value, the estimated dumping margin for certain pasta from Turkey is 63.29 percent.

### Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of certain pasta from Italy and Turkey are being, or likely to be, sold at less than fair value. If it becomes necessary at a later date to consider the petition as a source of facts available, we may review the calculations.

### Initiation of Investigations

We have examined the petition on certain pasta from Italy and Turkey and have found that it meets the requirements of section 732 of the Act, including the requirements concerning allegations of material injury or threat of material injury to the domestic producers of a domestic like product by reason of the complained-of imports, allegedly sold at less than fair value. Therefore, we are initiating antidumping duty investigations to determine whether imports of certain pasta from Italy and Turkey are being, or are likely to be, sold in the United States at less than fair value. Unless extended, we will make our preliminary determinations by October 19, 1995.