pattern of misrepresentation which would merit the rejection of the questionnaire response in total.

It is true that respondent omitted certain home market sales from its February 28, 1995, sales listing for a variety of reasons, ranging from incorrect product code selection to inadvertent programming errors (*see* MSA/MCSA Verification Report at 49–55). However, we were able to verify the nature and magnitude of these errors, and found that they are not significant with respect to either the percentage of total home market sales reported or potential home market matches. In order to arrive at this conclusion, we conducted a comparative analysis between the characteristics (and weighted-average prices) of the omitted home market products originally reported in Mannesmann's December 9, 1994, sales listing, and those of the reported home market products in respondent's February 28, 1995, sales listings. As a result of this exercise, we found that for some of the omitted sales, there did not exist contemporaneous sales of identical products reported in respondent's February 28, 1995, sales listings. We then compared the product characteristics of the omitted sales to those of the U.S. sales, and found that none of the omitted home market sales would be comparable to the U.S. products sold during the POI on the basis of grade. Regarding those sales of another group of products that were not reported to the Department because of a product selection error, we found that, regardless of the month in which they were sold, these products would not be comparable to those sold to the United States on the basis of specification. Finally, we have determined to apply BIA to respondent's U.S. sales of cold-drawn pipe made during the POI for the reasons outlined in Comments 2 and 9 below.

Furthermore, with respect to those home market sales affected by merchandise returns which were verified not to be usable for margin analysis, we found that the home market sales quantity affected was insignificant in terms of total reported home market sales quantity. Because these sales were incorrectly included in respondent's home market sales listing, we excluded them from our analysis where we could clearly identify the affected individual transactions from data contained in verification exhibits.

In addition, regarding the gross prices of those transactions which were found to be overreported, we included these sales in our analysis, but did not make any adjustments to price. Our decision to make no adjustment is based on the fact that the prices at issue represent an overstatement of actual prices charged and any revision of such prices would not only be burdensome given the number of affected transactions, but would also require the revision of other sales-related data (*e.g.,* taxes) which are calculated based upon price and were not examined specifically at verification within the context of overreported gross prices.

As for the other areas stated by petitioner in which discrepancies were found (*e.g.,* difmer, packing, etc.), we made appropriate adjustments in accordance with verification findings based on information on the record, as discussed in the ‘‘United States Price,’’ ‘‘Foreign Market Value’’ and ‘‘Interested Party Comments’’ sections of this notice.

Comment 2

Petitioner contends that Mannesmann's difmer cost data remains erratic and unusable for the final determination and, therefore, the Department should apply BIA to calculate the margin for any U.S. sale for which there is no contemporaneous identical match in the home market. According to petitioner, Mannesmann's difmers are deficient because they are not based on replacement costs in the month of shipment; rather Mannesmann's costs have been reported on a historical basis. Petitioner points out that the fact that Mannesmann has recorded its historical costs in UFIRs does not transform them into replacement costs, and that this approach has been rejected in previous cases by the Department (*e.g., Final Determination of Sales at Less Than Fair Value: Silicon Metal from Brazil,* 59 FR 42806, August 19, 1994) (*Silicon Metal from Brazil*). Even though the Department changed its hyperinflationary methodology in 1994 by providing for indexing of costs across different months, petitioner maintains that the costs that are indexed still must be replacement costs during the month of shipment, and must not represent historical costs. Petitioner argues that UFIR indexation is no substitute for the reporting of actual monthly replacement costs.

Petitioner also maintains that the fluctuations in cost are not limited to the materials component of the reported costs; there are also significant variations in the reported labor and variable overhead costs from month to month for the same products, indicating that the data is unreliable. According to petitioner, while the Department verified that the reported cost data was submitted in accordance with the exact methodology used in its normal cost accounting system, the Department did not verify that the system accurately states respondent's costs for purposes of this investigation. Citing *Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Lead and Bismuth Carbon Steel Products from the United Kingdom* (58 FR 6207, January 27, 1993), petitioner emphasizes that the Department has rejected the use of cost differences unrelated to physical differences for difmer adjustment purposes in past cases.

With respect to petitioner's request for the use of BIA, respondent asserts that petitioner ignores the facts on the record and that the Department was able to trace the reported cost data to source documentation, and tie them to financial statements.

Furthermore, respondent asserts that petitioner's attempt to link the concepts of replacement costs and monetary correction in arguing that MSA's reported costs do not account for changes in replacement costs is confused. According to MSA, a monetary correction is merely an adjustment to financial statements to measure the cost for holding balances in certain accounts during periods of inflation. Such an adjustment has nothing to do with production costs or difmer calculations. Respondent notes that the Department has confirmed this in past cases by treating such monetary corrections as offsets or additions to financing expenses (*e.g., Final Results of Administrative Review: Gray Portland Cement from Mexico,* 58 FR 47253 (1993)).

Respondent asserts that, contrary to petitioner's attempt to confuse the significance of MSA's UFIR-based cost system, this system accounts for the effects of changes in replacement costs. In addition, respondent opposes petitioner's characterization that a UFIR-based system is tantamount to reporting historical costs. According to respondent, the historical method contrasts sharply with the UFIR system, which carries costs forward on a steady currency basis and, in effect, reaches the same result as a replacement cost system. The UFIR-based methodology is applicable for both finished goods and inputs and ensures that MSA's costs reflect market conditions. Because this methodology tracks the inflation rate, material and finished goods are constantly inflated when expressed in Brazilian currency. According to respondent, this result is precisely the intent of the replacement cost accounting system, *i.e.*, to express costs in real terms. Therefore, respondent's UFIR-based system accurately tracks cost on a replacement basis and is not,