invested and gained returns which exceeded any fees paid to the bank. According to Mannesmann, the Department should treat the exchange contracts as intercompany transfers of funds between MSA and MPS that have no effect on the payment from the U.S. customer. Respondent claims that any bank fees incurred pre-shipment by MSA are administrative fees that have no bearing on U.S. price.

DOC Position

We disagree with respondent that these fees are intracompany transfers. They are fees paid to third parties in the U.S. sales process which we conclude are included in the ultimate price between MPS and the U.S. customer. These types of fees are normally taken into account in the Department's margin analysis. Therefore, we made an adjustment to U.S. price in the amount of the fee reported in the sample exchange contract provided in Exhibit 10 of the December 9, 1994, response.

Comment 9

Petitioner states that respondent included in its sales listing sales of colddrawn products finished from imported tube hollows. According to petitioner, such products are not subject merchandise produced in Brazil and should not have been included in the sales listing. Petitioner urges that the Department apply BIA to all sales of cold-drawn pipe in the final determination. In addition, petitioner maintains that none of the difmers provided for cold-drawn products can be used because it is not known how many are affected by the inclusion of imported tube hollows. There is no information on the record that would allow the Department to equate the cost of producing cold-drawn pipe with the cost of finishing cold-drawn tube hollows.

Respondent asserts that the colddrawn products referred to fall within the scope of the investigation. Mannesmann reported as subject merchandise sales of all products within the scope of the investigation, regardless of whether those products were made from ingots or billets, or in the case of the limited amount of cold-drawn products, purchased hollows. Therefore, unless the petitioner contends that pipe manufactured in Brazil from imported hollows are excluded from the scope of the investigation, Mannesmann asserts that it properly reported all shipments of subject merchandise, including small diameter cold-drawn product manufactured from hollows. Moreover, the Department verified the quantity and price of purchased hollow tubes,

and traced the reliability of those material costs reported for cold-drawn products.

DOC Position

We agree with petitioner in part. Our verification findings revealed that respondent had properly reported sales of cold-drawn seamless pipe as subject merchandise in its sales listings (but for certain omissions discussed in Comment 1 above). We also found that respondent used imported tubes in the production of cold-drawn pipe during the POI. However, respondent failed to inform the Department that it used any material input other than in-house produced bar for the production of colddrawn pipe during the POI, despite the Department's questions concerning the materials used in the production of the subject merchandise in its February 10, 1995, supplemental questionnaire. Consequently, we are unable to make a reliable difmer adjustment for U.S. sales of cold-drawn products because the variable costs reported include costs unassociated with physical differences. Therefore, because we cannot use or modify the reported difmer data for these cold-drawn products as we do not have the information on the record to do so, we have used BIA for the affected sales. See also DOC Position to Comment 2 above.

Comment 10

Petitioner contends that approximately two-thirds of the exchange rates reported in MCSA's sales listing, which are necessary for the proper calculation of differs and should reflect the average monthly rate for the month of shipment, are incorrect. Therefore, the Department should crosscheck each reported exchange rate against the actual monthly rate, and make appropriate corrections for the final determination.

Respondent maintains that petitioner's contention is incorrect. According to respondent, the rates at issue were adjusted to ensure that they matched the date of shipment from the factory, and this is the reason for the 22 day adjustment reflected in Mannesmann's response. Mannesmann reported all difmer data and the relevant exchange rates based on the month in which the pipe was shipped from MSA's mill. Because MSA does not maintain inventories of finished pipe, the month of shipment from MSA is also the month in which the pipe was produced. Similarly, in the case of U.S. sales, the Department asked MPS to revise its reported shipment date to reflect the date on which the pipe left the mill. Thus, in all cases involving

sales by MSA or MPS, the reported date of shipment reflects the month in which pipe was produced and shipped.

For sales by MCSA, pipe produced by MSA and shipped to MCSA is placed in MCSA's inventory from which it is subsequently resold to MCSA's customers. The reported shipment date for MCSA sales, therefore, does not reflect when the pipe was produced and shipped from MSA. In order to ascertain when a given quantity of pipe was produced and shipped from MSA, MCSA's average days in inventory (as reported in Exhibit 24 of the December 9, 1994, response) was subtracted from the reported shipment date. Therefore, all difmer data and exchange rates for MCSA were based on MCSA's date of shipment minus the average number of days in inventory in order to ensure that the difmer data and exchange rate reflected the date on which the merchandise was produced and shipped from the factory.

DOC Position

We consider this issue raised by petitioner to be moot based on our treatment of difmer costs discussed in Comment 2 above. By using revised UFIR costs for difmer adjustment purposes, we no longer need to convert these costs to U.S. dollars using an average exchange rate. However, we note that we verified the daily CR/UFIR and US\$/CR exchange rates reported by respondent in Exhibits 4 and 5 of the February 28, 1995, response against source documentation and found that they were based on official government rates. (See May 11, 1995, Verification Report at 37.) Therefore, for purposes of converting home market prices, difmer costs and other adjustments to U.S. dollars on the date of the U.S. sale, we intend to use the verified government exchange rates that were verified. This is consistent with past practice. (See Silicon Metal from Brazil.)

Comment 11

Petitioner maintains that Mannesmann has improperly submitted untimely new factual information in its case brief, including: (1) an affidavit by an MPS employee which presents evidence of differences between carbon and alloy pipe within the context of the criteria in *Diversified Products* relevant to the issue of whether the subject merchandise should constitute more than one class or kind; (2) portions of the record of proceedings before the International Trade Commission concerning the issue of whether to continue to include end use as a defining characteristic of the scope; and (3) factual information concerning the