with 19 CFR 353.51(c). We relied on the submitted COP data, except in the following instances where the costs were not appropriately quantified or valued:

1. We recalculated the weighted average costs for two control numbers ("CONNUM"). CONNUM's are used to identify a group of products considered to be identical. See Comment 18 below.

2. We adjusted depreciation expenses to reflect mill- specific costs. See Comment 13 below.

3. We used the revised total indirect costs submitted at verification to recalculate the indirect cost allocation rate.

4. We disallowed the portion of the reported variance which resulted from reversals of prior period accounting entries. *See* Comment 17 below.

5. We used Instituto per la Ricostruzione Industriale S.p.A.'s (''IRI'') consolidated financing costs. IRI is the parent of Dalmine's parent company. See Comment 14 and 15 below.

# B. Test of Home Market Sales Prices

After calculating COP, we tested whether, as required by section 773(b) of the Act, the respondent's home market sales of subject merchandise were made at prices below COP, over an extended period of time in substantial quantities, and whether such sales were made at prices which permit recovery of all costs within a reasonable period of time in the normal course of trade. On a product-specific basis, we compared the COP (net of selling expenses) to the reported home market prices, less any applicable movement charges, rebates, and direct and indirect selling expenses. To satisfy the requirement of section 773(b)(1) of the Act that below-cost sales be disregarded only if made in substantial quantities, we applied the following methodology. If over 90 percent of the respondent's sales of a given product were at prices equal to or greater than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." If between ten and 90 percent of the respondent's sales of a given product were at prices equal to or greater than the COP, we discarded only the below-cost sales, provided sales of that product were also found to be made over an extended period of time. Where we found that more than 90 percent of the respondent's sales of a product were at prices below the COP, and the sales were made over an extended period of time, we disregarded all sales of that product, and calculated

FMV based on CV, in accordance with section 773(b) of the Act.

In accordance with section 773(b)(1) of the Act. in order to determine whether below-cost sales had been made over an extended period of time, we compared the number of months in which below-cost sales occurred for each product to the number of months in the POI in which that product was sold. If a product was sold in three or more months of the POI, we do not exclude below-cost sales unless there were below-cost sales in at least three months during the POI. When we found that sales of a product only occurred in one or two months, the number of months in which the sales occurred constituted the extended period of time, *i.e.*, where sales of a product were made in only two months, the extended period of time was two months; where sales of a product were made in only one month, the extended period of time was one month. See Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from the United Kingdom, 60 FR 10558, 10560 (February 27, 1995).

## C. Results of COP Test

We found that for certain products more than 90 percent of the respondent's home market sales were sold at below COP prices over an extended period of time. Because Dalmine provided no indication that the disregarded sales were at prices that would permit recovery of all costs within a reasonable period of time in the normal course of trade, for all U.S. sales left without a match to home market sales as a result of our application of the COP test, we based FMV on CV, in accordance with section 773(b) of the Act.

#### D. Calculation of CV

In accordance with section 773(e)(1)of the Act, we calculated CV based on the sum of the respondent's cost of materials, fabrication, general expenses and U.S. packing costs as reported in the U.S. sales database. In accordance with section 773(e)(1)(B) (i) and (ii) of the Act, we included: (1) for general expenses, the greater of the respondent's reported general expenses, adjusted as detailed in the "Calculation of COP" section above, or the statutory minimum of ten percent of the cost of manufacture; and (2) for profit, the statutory minimum of eight percent of the sum of COM and general expenses because actual profit on home market sales for the respondent was less than eight percent. We recalculated the respondent's CV based on the

methodology described in the calculation of COP above.

### **Price-to-Price Comparisons**

We calculated FMV according to the methodology described in our preliminary determination with the following exceptions:

1. We excluded from our analysis reported home market sales that were sold for shipment to third countries. See Comment 5 below.

2. We revised the imputed credit calculation for transactions without reported payment dates, using the earliest verified payment date from the preselected sales in our verification report. *See* Comment 10 below.

3. We limited VAT adjustments to those sales on which VAT was paid.

4. We decreased the interest rate used to calculate imputed credit based on verified data. See home market verification report.

## **Price-to-CV Comparisons**

Where we made CV to purchase price comparisons, we deducted from CV the weighted-average home market direct selling expenses and added the U.S. product-specific direct selling expenses. We adjusted for differences in commissions in accordance with 19 CFR 353.56(a)(2). Because commissions were paid on some, but not all home market sales, we deducted from CV both (1) indirect selling expenses attributable to those sales on which commissions were not paid; and (2) weighted average commissions. The total deduction was capped by the amount of indirect expenses paid on the U.S. sales in accordance with 19 CFR 353.56(b)(1) (1994).

### **Currency Conversion**

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York, pursuant to 19 CFR 353.60.

#### Verification

As provided in section 776(b) of the Act, we verified information provided by Dalmine by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

#### **Interested Party Comments**

#### Sales Issues

### Comment 1

The petitioner contends that a margin based on the best information available (BIA) should be assigned to each of the