

position that physical characteristics represent the most appropriate matching methodology, Teijin maintains that the Department has a complete record upon which to base its final results.

*Department's Position:* In developing product-specific model match methodologies, the statutory preference is for the matching of identical merchandise (see section 771(16)(A) of the Tariff Act). Where this identical matching is not possible, the most similar matches are preferred (see section 771(16)(B)).

During the review, we solicited comments from all parties on matching criteria for comparing similar merchandise in the absence of sales of identical merchandise in the U.S. and home markets. Based on submissions from petitioners and respondents, no single physical characteristic appears to be a defining criterion for all types of PET film.

In the case of PET film, we have determined that it is appropriate to use groups of physical characteristics based on end-use as an organizational tool to establish similar categories of merchandise. This methodology was adopted because of the unique circumstances of this case, such as the complexity of the subject merchandise, the difficulty in determining the most similar models in a consistent manner, and the fact that it is evident that end use plays a role in the determination of the merchandise's physical dimensions.

Therefore, we have matched by physical characteristics within these categories to find matches of the most similar merchandise. We also have determined that it would be inappropriate to match across categories because this could result in more dissimilar matches rather than in comparisons of the most similar merchandise. In these final results we used Teijin's alternative model-matching concordance with broad end-use categories.

*Comment 6:* The petitioners comment that the Department's preliminary treatment of consumption tax for both Teijin and Toray was not in full conformity with current Department practice. Namely, they argue that, in calculating the consumption tax adjustments, the Department failed to include all of the expenses incurred after the point at which the Japanese government applies the home market consumption tax.

Both Teijin and Toray support the Department's use of a methodology that provides for tax neutrality in the dumping calculation. Toray, however, takes no position with respect to petitioners' claims regarding the

imputation of the Japanese consumption tax for the preliminary results.

*Department's Position:*

We agree with petitioners that the tax adjustment must be made at the same point in the chain of commerce in each market and we have adjusted for taxes in accordance with our practice as outlined in *Silicomangnese from Venezuela, Preliminary Determination of Sales at Less Than Fair Value*, 59 FR 31204, June 17, 1994.

*Comment 7:* TPA asks the Department to ensure that Teijin has properly reported all U.S. and home market sales, or reject Teijin's questionnaire response in its entirety. In particular, TPA argues that there is no legal basis for Teijin's original request that the Department exclude from its review sales of certain unique grades of PET film, including sandblasted film, embossed film, further-processed film, "experimental" film, film sold on a yen-per-square meter basis, and film sold on a yen-per-piece basis. Similarly, TPA asks the Department to ensure that Teijin has reported all of its provisions of sample merchandise in the United States.

Teijin responds that: (1) It has fully reported all U.S. and home market sales; (2) it has fully reported all grades of PET film, and its questionnaire responses clearly indicate that these sales have been included in its computer files; and (3) its supplemental questionnaire response states explicitly that certain sample sales, which had originally been omitted in error, were included in the computer listing.

*Department's Position:* We have reviewed Teijin's responses and have determined that they are complete and that all grades of PET film and all sample sales have been reported. Although Teijin originally excluded the types of film noted by TPA, the company included these film types in its supplemental response. Accordingly, we will continue to rely on Teijin's submissions for the final results of administrative review.

*Comment 8:* TPA argues that Teijin has refused to comply with the Department's questionnaire in numerous critical respects, in addition to the specific issues discussed in other comments:

- Teijin has not provided affiliation and distribution agreements that TPA claims are essential to a proper understanding of its U.S. operations, particularly with respect to Teijin's joint venture with Du Pont;
- Teijin has failed to identify the proper dates of sale;
- Teijin's submissions do not adequately describe the basis for qualification or payment of rebates; and

- Teijin has failed to report, or incorrectly reported, numerous U.S. and home market expenses, such as technical services, warranty claims, advertising, sales promotion, and packing costs.

Accordingly, in the absence of complete and accurate data, TPA maintains that the Department should apply BIA in its final margin calculations.

Teijin responds that it has provided complete and accurate data to the Department.

*Department's Position:* We have reviewed Teijin's submissions and are satisfied that Teijin's response is complete and responsive to our questionnaire. Specifically:

- Teijin has provided to the Department sufficient information regarding its U.S. affiliations and distribution system for us to determine that Teijin reported its sales to the first unrelated customer.
- Teijin's dates of sale, including such instances as informal orders, blanket purchase agreements, and shipments during ongoing price negotiations, were properly reported. Namely, Teijin reported the date of sale as the date upon which the substantive terms of the contract (especially price and quantity) are set. Consistent with this reporting requirement, the date of sale reported by Teijin in most cases was the purchase order confirmation date. Where this was not the case, Teijin reported the date upon which price and quantity were firmly established as the date of sale. In no case was the reported date of sale later than the date of shipment.

- Teijin's submissions adequately describe the basis for qualification and payment of rebates as related to customer loyalty, purchase volume and market conditions, and identifies each of its home market and U.S. rebates on a customer- and sale-specific basis, precisely the standard articulated by TPA in its brief.

- There is nothing in the record to substantiate TPA's assertions that Teijin's U.S. and home market expenses have been reported incorrectly. Teijin asserts that it incurred no warranty expenses in the United States during the period of review and that it did not incur any technical service, advertising, sales promotion or other expenses directly related to its U.S. sales of PET film.

Therefore, we have relied on Teijin's response for these final results.

*Comment 9:* TPA argues that the Department cannot rely upon Teijin's questionnaire response without verifying the data. TPA notes that where