using Cheil's, SKC's, Kolon's, and STC's cost of materials and fabrication, and general expenses, in accordance with 19 CFR 353.51(c). Respondent's materials and fabrication expenses consisted of materials, labor, and overhead costs incurred for film manufacturing. General expenses consisted of general and administrative expenses as well as net interest expenses. For each model, we compared this sum to the reported home market unit price, net of price adjustments and movement expenses.

We relied upon data submitted by the respondents (See August 17, 1995 memo from the Director of the Office of Accounting to the AS/IA regarding cost methodology) except in the following instances where costs were not appropriately quantified or valued.

For SKC, we adjusted the cost of manufacturing for A-grade and B-grade film types to correct for yield differences between grades. We corrected general and administrative expenses to exclude dividend income and include the amortization of new stock issuance costs. We recalculated interest expense using amounts reported in SKC's financial statements, rather than the amount reported in the combined financial statements of the Sunkyong Group. Finally, we increased SKC's material costs for dimethyl terephthalate and terephthallic acid purchased from a related part to reflect the related party's cost of producing those materials.

For Cheil, we recalculated general and administrative expenses based on the total activity of the company reported in Cheil's 1992 or 1993 income statements, rather than on a departmental basis. We disallowed certain income as an offset to interest expense, since Cheil could not substantiate that the income was short-term in nature. For the second review, we increased Cheil's material cost for ethylene glycol purchased from a related party to reflect the related party's production costs.

In accordance with section 773(b) of the Act, we also examined whether the home market sales of each model were made at prices below its COP in substantial quantities over an extended period of time, and whether such sales were made at prices which would permit recovery of all costs within a reasonable period of time in the normal course of trade.

For each model where less than ten percent, by quantity, of the home market sales during the POR were made at prices below the COP, we included all sales of that model in the computation of FMV. For each model where ten percent or more, but less than ninety percent, of the home market sales during the POR were priced below the merchandise's COP, we excluded from the calculation of FMV those home market sales which were priced below the merchandise's COP, provided that the below-cost sales were made over an extended period of time. For each model where ninety percent or more of the home market sales during the POR were priced below the COP, we disregarded all sales of that model from our analysis. See Preliminary Results and Partial Termination of Antidumping Duty Administrative Reviews; Tapered Roller Bearings, Four inches or Less in Outside Diameter, and Certain Components Thereof, from Japan, 58 FR 69336, 69338 (December 30, 1993).

In order to determine whether belowcost sales had been made over an extended period of time, we compared the number of months in which belowcost sales occurred for each product to the number of months during the POR in which each model was sold. If a product was sold in fewer than three months during the POR, we did not exclude the below-cost sales unless there were below-cost sales in each month of sale. If a product was sold in three or more months, we did not exclude the below-cost sales unless there were below-cost sales in at least three months during the POR.

See Notice of Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt Weld Pipe Fittings from Thailand, 60 FR 10552, 10554 (February 27, 1995).

In addition, the Department also determined that no evidence was presented to indicate that below-cost COP prices would permit recovery of all costs within a reasonable period of time in the normal course of trade. Therefore, in accordance with section 773(b) we disregarded these below-cost sales from our FMV calculations.

In accordance with section 773(b) of the Act, where home market sales (as identified in the model match) were excluded from our analysis because they were priced below the COP, or where the remaining sales were determined to be inadequate as a basis for determining foreign market value, we used the constructed value of the merchandise sold in the United States as the basis for FMV. We calculated the constructed value, in accordance with section 773(e) of the Tariff Act, as the sum of the cost of materials and fabrication expenses of the product sold in the United States,

home market general expenses, and home market profit. In accordance with section 773(b)(i) of the Act, for home market general expenses, we used the larger of the actual general expenses reported by the respondents or ten percent of the cost of materials and fabrication expenses, the statutory minimum for general expenses. For home market profit, we used the larger of the actual profit reported by the respondents or the statutory minimum of eight percent of the sum of the cost of materials, fabrication and general expenses in accordance with section 773(b)(i) of the Act.

For those models which we determined were not sold below the COP and were of a sufficient quantity to calculate FMV, we calculated FMV based on delivered prices to unrelated customers in the home market. In calculating FMV, we made adjustments, where appropriate, for rebates, Korean inland freight and insurance, Korean brokerage and loading charges, and home market credit expenses in accordance with section 773(a)(1) of the Act. We deducted home market packing costs from the home market price and added U.S. packing costs to the FMV. We also made, where applicable, difference-in-merchandise adjustments.

For comparison to PP sales, pursuant to 19 CFR 353.56, we made circumstance-of-sale adjustments to FMV, where appropriate, for post-sale warehousing expenses, Korean and U.S. bank charges, U.S. credit expenses, and U.S. warranty expenses. We made further adjustments, where appropriate, for U.S. commissions in accordance with 19 CFR 353.56(a)(2). Where commissions were paid on U.S. sales and not paid on home market sales, we allowed an offset to FMV amounting to the lesser of the weighted-average home market indirect selling expenses or the U.S. commissions in accordance with 19 CFR 353.56(b) of the Department's regulations.

For comparison to ESP sales, we allowed an ESP offset to FMV, amounting to the lesser of the weighted-average total of home market indirect selling expenses or the total U.S. indirect selling expenses, in accordance with 19 CFR 353.56(b)(2).

No other adjustments were claimed or allowed.

Preliminary Results of the Review

As a result of this review, we preliminarily determine that the following margins exist for the periods indicated: