

failure of a respondent to show that the product-specific costs included in COP and CV are tied to the company's accounting records results in a failed verification. See *Antifriction Bearings (Other Than Tapered Roller Bearings and Parts Thereof From the Federal Republic of Germany); Final Results of Antidumping Duty Administrative Review*, 56 FR 31692, 31707 (July 11, 1991) (*AFBs From Germany*). Petitioners argue that, despite the Department's specific request for such a schedule, Thyssen refused to provide this information, claiming that it would be extremely burdensome, but failing to show why that was the case. Petitioners claim that the Department appears to have contradicted the record, including its own cost verification report, when it stated that "Thyssen did report product-specific costs in that it computed actual product-specific costs using production quantities at each stage of the production process" and that "[t]hese production quantities were reviewed and tested at verification." Petitioners believe the cost verification report indicates that product-specific production quantity information was not provided to the Department at verification. Petitioners argue that the Department's "alternative verification procedures," *i.e.*, the examination of fiscal-year ending inventory balances and movements in and out of a single warehouse, cannot be deemed to have demonstrated a link between production quantity information and Thyssen's financial records.

Petitioners also argue that Thyssen failed to identify product-specific costs as standard or actual costs, thereby preventing the Department from tying "basis costs" to actual production quantities. Petitioners argue that the Department has determined that it cannot use the cost response of a respondent which failed to provide actual costs and was unable to support its standard costs. See *Final Determination of Sales at Less Than Fair Value: New Steel Rail, Except Light Rail, from Canada*, 54 FR 31984, 31985-86 (August 3, 1989).

Petitioners argue that throughout the review Thyssen has failed to conclusively identify whether its reported cost figures are based on standard or actual cost amounts. Petitioner contends that all of the information on the record indicates that Thyssen's product-specific manufacturing costs for the COP and CV figures are based on standards for which variances must be calculated. Petitioners assert that the information on the record is inconsistent with statements from the Department's cost

verification report that it "tested that the standard costs were fully adjusted by the variances incurred and thus the submitted costs reflect the actual costs incurred during the respective fiscal periods."

Petitioners conclude that Thyssen's failure to report cost information as requested requires the Department to reject the company's questionnaire responses and apply total BIA. Petitioners argue that the flaws in Thyssen's reporting of COP and CV preclude the Department from conducting its sales-below-cost test and prevent the Department from having confidence in the difference-in-merchandise ("difmer") data, which are needed in the Department's margin calculations. Petitioners argue that, if the Department determines not to reject Thyssen's responses on the whole, the Department must, at the very least, apply as BIA to Thyssen's cost information the highest cost of manufacturing for all COP and CV values from sales in this review.

Thyssen counters that there is no doubt that the Department verified the company's actual production costs and actual production quantities. The Department utilized an exacting standard to verify Thyssen's submitted costs and the results of the Department's verification are supported by substantial evidence. Respondent argues that petitioners' claims must be rejected.

Thyssen argues that the Department's statements in its July 20, 1995, memorandum regarding this issue are accurate, contrary to the assertions of petitioners. Thyssen argues that its own submissions and the Department's cost verification report confirm that the actual production quantities were provided and verified. The actual costs were incurred by each processing cost center, based upon actual production, actual yield, actual work time and standard performance.

Furthermore, Thyssen argues that petitioners have mischaracterized the purpose of the Department's request for product-specific quantity information which was provided by alternative means. According to Thyssen, the request for quantity information pertained not to the compilation of production costs, but rather was designed to allow the Department to reconcile to Thyssen's inventory.

Department's Position: We disagree with petitioners' allegation that Thyssen failed the cost verification. The Department's verification provided reasonable assurance of the accuracy of Thyssen's reported costs, and our cost verification report outlined all of the testing which we performed and noted

any exceptions or deficiencies in the results of that testing. As stated recently by the Court of Appeals for the Federal Circuit, the Act "gives Commerce wide latitude in its verification procedures." *American Alloys Inc. v. United States*, 30 F.3d 1469, 1475 (Fed. Cir. 1994). The standard for verification is not to verify all information or to require perfect accuracy. "Verification is like an audit, the purpose of which is to test information provided by a party for accuracy and completeness, so that Commerce can justifiably rely on that information." *Tatung Co. v. United States*, Slip Op. 94-195 (CIT December 14, 1994). Accordingly, as detailed below, we are satisfied that the shortcomings identified in the cost verification report regarding Thyssen's data do not undermine the reliability of Thyssen's submission as a whole and do not warrant resort to BIA.

Contrary to petitioners' assertions, we do not believe that Thyssen's omission of product-specific (*i.e.*, control number-specific) production quantities renders the company's questionnaire response unreliable for purposes of calculating COP and CV. As Thyssen explained in its response and as we observed at verification, the company does not maintain production quantities on such a product-specific basis as part of its normal accounting system. Instead, Thyssen relies on total production quantity figures at each of its steel production stages to compute an average per-unit coil cost for all products. Thyssen then converts this average coil cost to a product specific cost based on a standard table of "extras," which are discussed further below. Thus, the total production quantities at each production stage are determinative, as relied upon by Thyssen to calculate the per-stage costs which are then accumulated to determine the coil production cost.

As part of our verification testing, we required Thyssen to provide accounting records showing actual production quantities at each stage of production. In order to verify the accuracy of Thyssen's reported per-unit costs we examined production quantities and total production costs for selected cost centers within specific production stages. We found no discrepancies between the production quantities used by Thyssen to compute the actual weighted-average cost reported to the Department and the company's normal production records.

In contrast to Thyssen, the respondent in question in *AFBs From Germany*, the case cited by petitioners, was able to report the relevant information (regarding labor, overhead and other