

## APPENDIX I

### GLOSSARY OF TERMS

This glossary is intended to provide parties with a basic understanding of many technical terms that appear in the antidumping questionnaire. These explanations are not regulations or rules with the force of law. As difficult or detailed questions arise, parties should seek clarification from the statute, regulations, and the Department, rather than attempting to derive precise guidance from these general explanations.

#### **Administrative Protective Order**

An administrative protective order is the legal mechanism that controls the limited disclosure of business proprietary information to representatives of interested parties. The Department authorizes the release of proprietary information under administrative protective order only when the representatives file a request in which they agree to the following four conditions: (a) to use the information only in the antidumping proceeding, (b) to secure the information and protect it from disclosure to any person not subject to an administrative protective order, (c) to report any violation of the terms of the protective order, and (d) to acknowledge that they may be subject to sanctions if they violate the terms of the order. (Section 777(c) of the Act. See also **Proprietary Information** and **Proprietary Treatment**.)

#### **Affiliated Persons**

The term affiliated persons (affiliates) includes: (1) members of a family; (2) an officer or director of an organization and that organization; (3) partners; (4) employers and employees; (5) any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and that organization; (6) two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; and (7) any person who controls any other person and that other person. Control exists when a person is legally or operationally in a position to exercise restraint or direction over another person. For purposes of this review, a control relationship should also have the potential to affect decisions concerning the production, pricing, or cost of the merchandise under review. (Section 771(33) of the Act; sections 351.102(b) and 351.401(f) of the regulations.)

Examples of situations which may indicate control include (but are not limited to):

(a) joint ventures and franchises; (b) lender/borrower situations; (c) a close relationship with a supplier, (sub) contractor, lender, distributor, exporter or reseller; and (d) a group of companies controlled by, for example, a family, a corporation, or the same investors.

An example of affiliation by common control may be the affiliation between the owners of a joint venture when each owner is in a control position with that joint venture.

Section 351.102(b) of the Department's regulations states that the term person includes any interested party as well as any other individual, enterprise, or entity, as appropriate. In the Department's practice, the term person includes any company, individual, organization, partnership or group.

### **Antidumping Law and Regulations**

The United States antidumping laws are set forth in Title VII of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673 *et seq.*). The Department's regulations governing antidumping proceedings are set forth at 19 CFR Part 351, published in the *Federal Register* on May 19, 1997 (62 FR 27379-27424). For procedures governing Administrative Protective Orders and the treatment of proprietary information, please see 19 CFR Parts 351 and 354, published in the *Federal Register* on May 4, 1998 (63 FR 24391).

### **Arm's-length Transactions (between affiliates)**

Generally, the Department may use transactions between affiliates as a basis for normal value, only if the transactions are made at arm's length. Arm's-length transactions are those in which the selling price between the affiliated parties is comparable to the selling prices in transactions involving persons who are not affiliated. The Department takes into account terms of sale, conditions of delivery, and other circumstances related to the sales in deciding if the selling prices are comparable. To determine whether sales to an affiliate should be included in the normal value calculation, the Department performs an arm's-length test. In this test, the Department compares the weighted-average price to each affiliate for each product to the weighted-average price of the same or a similar product to all unaffiliated customers. If the overall ratio calculated for an affiliate is between 98 percent and 102 percent, inclusive, of sales prices to all unaffiliated customers, sales to that affiliate may be considered in the **ordinary course of trade** and used in the normal value calculation. Sales not made at arm's length are not considered to be within the ordinary course of trade. (See also **Ordinary Course of Trade**.)

### **Certification of Accuracy**

Any person that submits factual information to the Department must include with the submission a certification of the completeness and accuracy of the factual information. Certifications must be made by a knowledgeable official responsible for presentation of the factual information and by the party's legal counsel or other representative, if any. A sample certification form is included as Appendix IV to the questionnaire. (Section 782 (b) of the Act; section 351.303(g) of the regulations.)

### **Circumstances of Sale**

In comparing normal value to export price or constructed export price, the Department makes adjustments to normal value for certain differences in expenses or prices that exist because the conditions under which the sales are made in the two markets differ. Besides particular adjustments named in the statute (*e.g.*, differences in quantities and levels of trade), the statute also allows the Department to adjust for other differences in circumstances of sale. This adjustment normally is based only on differences in direct selling expenses that the Department does not adjust for under more specific provisions. (Section 773(a)(6)(C)(iii) of the Act; section 351.410 of the regulations. See also **Direct vs. Indirect Expenses**.)

### **Constructed Export Price**

(See **Export Price and Constructed Export Price**.)

### **Constructed Export Price Offset**

To the extent practicable, the Department attempts to base normal value on sales made at the same level of trade as the export price or constructed export price or adjust for the differences in levels of trade. Where this is not possible, the law provides for an adjustment to normal value to account for differences in level of trade when (1) U.S. price is a constructed export price; (2) normal value is determined at a more advanced level of trade than the level of trade of the constructed export price;<sup>1</sup> and (3) the data available do not provide an appropriate basis for determining whether differences in levels of trade affect price comparability and quantifying the amount of a level of trade adjustment. This adjustment takes the form of a deduction from normal value of the amount of indirect selling expenses incurred in the foreign market. The amount of this deduction may not exceed (*i.e.*, it is capped by) the amount of indirect selling expenses deducted in calculating constructed export price. (Section 773(a)(7)(B) of the Act; 351.412(f) of the regulations. See also **Level of Trade, Level of Trade Adjustment**.)

### **Constructed Value**

When there are no sales of the foreign like product in the foreign market suitable for matching to the subject merchandise (including, for example, when the Department disregards sales because they are below the cost of production), the Department uses constructed value as the basis for normal value. The constructed value is the sum of (1) the cost of materials and fabrication of the subject merchandise, (2) selling, general, and administrative expenses and profit in the foreign market, and (3) the cost of packing for exportation to the United States. (Section 773(e) of the Act; sections 351.405 and 351.407 of the regulations.)

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<sup>1</sup> More advanced refers to a more advanced stage of marketing, which generally means that the home market level of trade is more remote from the factory door than the constructed export price level of trade. A more advanced, or remote, level of trade is typically characterized by more selling activities and greater selling expenses.

### **Contemporaneous Sales**

In investigations, the Department normally compares average export prices (or constructed export prices) to average normal values. The averages normally are based on sales made over the course of the period of investigation.

In administrative reviews of existing antidumping orders, on the other hand, the Department normally compares the export price (or constructed export price) of an individual U.S. sale to an average normal value for a contemporaneous month.

The preferred month is the month in which the particular U.S. sale was made. If, during the preferred month, there are no sales in the foreign market of a foreign like product that is identical to the subject merchandise, the Department will then employ a six-month window for the selection of contemporaneous sales. For each U.S. sale, the Department will calculate an average price for sales of identical merchandise in the most recent of the three months prior to the month of the U.S. sale. If there are no such sales, the Department will use sales of identical merchandise in the earlier of the two months following the month of the U.S. sale. If there are no sales of identical merchandise in any of these months, the Department will apply the same progression to sales of similar merchandise. (Section 351.414 of the regulations.)

### **Cost of Manufacture**

The cost of manufacture is the sum of material, fabrication and other processing costs incurred to produce the products under review. (See also **Cost of Production**.)

### **Cost of Production**

Cost of production means the cost of producing the foreign like product. The cost of production is the sum of (1) material, fabrication, and other processing costs, (2) selling, general, and administrative expenses, and (3) the cost of containers and other packing expenses. The Department may disregard foreign market sales in calculating normal value if they are made at prices which are less than the cost of production. The Department will disregard all sales below cost if made: (A) within an extended period of time (normally one year) in substantial quantities (at least 20 percent of the volume of the product examined is sold below cost or the weighted-average unit price is below the weighted-average cost for the period examined); and (B) at prices that do not permit recovery of costs within a reasonable period of time (*i.e.*, a price is less than the weighted-average cost of production during the period examined). Although the Department initiates any cost of production inquiries for all sales of the foreign like product, this determination is made on a product-specific basis. (Section 773(b) of the Act; sections 351.406 and 351.407 of the regulations.)

### **Credit Expense**

Credit expense is a type of expense for which the Department frequently makes circumstances-of-sale adjustments. It is the interest expense incurred (or interest revenue foregone) between shipment of merchandise to a customer and receipt of payment from the customer. The Department normally imputes the expense by applying a firm's annual short-term borrowing rate in the currency of the transaction, prorated by the number of days between shipment and payment, to the unit price. If actual payment dates are not kept in a way that makes them accessible, the calculation may be based on the average of the number of days that accounts receivable remain outstanding. (See also **Imputed Expenses**.)

### **Date of Sale**

Because the Department attempts to compare sales made at the same time, establishing the date of sale is an important part of the dumping analysis. The Department will normally use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. However, the Department may use a date other than the date of invoice (*e.g.*, the date of contract in the case of a long-term contract) if satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale (*e.g.*, price, quantity). (Section 351.401(i) of the regulations.)

### **Difference in Merchandise Adjustments**

When normal value is based on sales in the foreign market of a product which is similar, but not identical, to the product sold in the United States, the Department may adjust normal value to account for differences in the variable costs of producing the two products. Generally, the adjustment is limited to differences in the costs of materials, labor and variable production costs that are attributable to physical differences in the merchandise. The Department will not adjust for differences in fixed overhead or administrative expenses or profit. (Section 351.411 of the regulations.)

### **Direct vs. Indirect Expenses**

In calculating export price, constructed export price, and normal value, the Department treats selling expenses differently depending on whether they are direct expenses or indirect expenses. For instance, circumstances-of-sale adjustments normally involve only direct expenses, while the constructed export price offset involves indirect expenses.

Direct expenses generally must be (1) variable and (2) traceable in a company's financial records to sales of the merchandise under review.

1. Variable vs. fixed expenses: Direct expenses are typically variable expenses that are incurred as a direct and unavoidable consequence of the sale (*i.e.*, in the absence of the sale these expenses would not be incurred). Indirect expenses are fixed expenses that are incurred whether or not a sale is made.

The same expense may be classified as fixed or variable depending on how the expense is incurred. For example, if an exporter pays an unaffiliated contractor to perform a service, this fee would normally be considered variable and treated as a direct expense (provided that condition 2, below, is also satisfied). However, if the exporter provides the service through a salaried employee, the fixed salary expense will be treated as an indirect expense.

2. Tying of the expense to sales of the merchandise under review: Selling expenses must be reasonably dependent upon sales of the merchandise under review to qualify as direct selling expenses. However, even if a fixed expense is allocable to the merchandise under review, the Department normally will treat it as an indirect expense.

Common examples of direct selling expenses include credit expenses, commissions, and the variable portions of guarantee, warranty, technical assistance, and servicing expenses. Common examples of indirect selling expenses include inventory carrying costs, salesmen's salaries, and product liability insurance. The fixed portion of expenses, such as salaries for employees who perform technical services or warranty repairs, are indirect expenses.

The Department also treats assumptions of expenses as direct expenses, provided they are attributable to a later sale of the merchandise. For example, the Department treats expenses incurred for advertising aimed at retailers as if they were direct selling expenses when the exporter is selling to wholesalers.

## **Discounts**

See **Price Adjustments**

## **Dumping**

Dumping occurs when imported merchandise is sold in, or for export to, the United States at less than the normal value of the merchandise, *i.e.*, a price that is less than the price at which identical or similar merchandise is sold in the foreign market, or less than the constructed value of the merchandise. The dumping margin is the amount by which the normal value exceeds the export price or constructed export price of the subject merchandise. The weighted-average dumping margin is the sum of the dumping margins divided by the sum of the export prices and constructed export prices.

## **Export Price and Constructed Export Price**

Export price and constructed export price refer to the two types of calculated prices for merchandise imported into the United States. The Department compares these prices to normal values to determine whether goods are dumped. Both export price and constructed export price are calculated from the price at which the subject merchandise is first sold to a person not affiliated with the foreign producer or exporter.

Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs *before* the goods are imported into the United States. In cases where the foreign manufacturer knows or has reason to believe that the merchandise is ultimately destined for the United States, the manufacturer's sale is usually the sale subject to investigation or review. If, on the other hand, the manufacturer sold the merchandise to a trader without knowledge of the trader's intention to export the merchandise to the United States, then the trader's first sale to an unaffiliated person is the sale subject to investigation or review.

Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs *after* importation. Constructed export price also applies if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter before importation.

The Department makes adjustments to the price to the first unaffiliated customer in calculating the export price or constructed export price. For both export price and constructed export price the Department adds packing charges, if not already included in the price, rebated import duties, and, if applicable, certain countervailing duties. Also for both, the Department deducts transportation costs and export taxes or duties. No other adjustments are made in calculating export price. However, in calculating the constructed export price, the Department also deducts selling commissions and other expenses incurred for selling activities in the United States performed in selling the subject merchandise to unaffiliated U.S. customers, the cost of any further manufacture or assembly performed in the United States, and profit. These expenses and profits represent activities undertaken in the United States to support the U.S. resale to an unaffiliated customer. Generally these activities are undertaken by the affiliated U.S. reseller. However, the Department will also deduct any selling expenses incurred to support the U.S. resale that are paid by the producer or exporter on behalf of its affiliated U.S. reseller. (Section 772 of the Act; section 351.402(b) of the regulations.)

## **Facts Available**

The Department seeks to make its antidumping determinations on the basis of responses to its antidumping questionnaires. However, for a variety of reasons, the data needed to make such determinations may be unavailable or unusable. In such instances, the law requires the Department to make its determinations on the basis of "the facts otherwise available" (more commonly referred to as "the facts available"). More specifically, the Department must use the

facts available if necessary information is not available on the record of an antidumping proceeding. In addition, the Department must use the facts available where an interested party or any other person: (1) withholds information requested by the Department; (2) fails to provide requested information by the requested date or in the form and manner requested; (3) significantly impedes an antidumping proceeding; or (4) provides information that cannot be verified.

In selecting the information to use as the facts available, the law authorizes the Department to make an inference that is adverse to an interested party if the Department finds that party failed to cooperate by not acting to the best of its ability to comply with a request for information.

Submitted information that does not meet all of the requirements may be used if: (1) the information is submitted within applicable deadlines; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for a determination; (4) the party establishes that it acted to the best of its ability; and (5) the Department can use the information without undue difficulties. Finally, if an interested party promptly informs the Department of difficulties it is having in responding to a request for information, the Department will consider modifying its request to the extent necessary to avoid imposing an unreasonable burden on the party. (Sections 776 and 782(c)-(e) of the Act; section 351.308 of the regulations.)

### **Foreign Like Product**

The term foreign like product refers to merchandise that is sold in the foreign market and that is identical or similar to the subject merchandise. When used in the questionnaire, foreign like product means all merchandise that is sold in the foreign market and that fits within the description of merchandise provided in Appendix III to the questionnaire. (Section 771(16) of the Act. See also **Identical Merchandise** and **Similar Merchandise**.)

### **Foreign Market**

The foreign market is the home or third-country market from which the Department selects the prices used to establish normal values. (See also **Viability**.)

### **Further Manufacturing Adjustment**

In calculating constructed export price, the Department normally deducts from the price of the merchandise sold in the United States the cost of any further manufacture or assembly performed in the United States by, or for, the exporter or an affiliate. However, if the value of the further processing is more than the value of the subject merchandise as imported, the Department may instead use an alternative basis for the constructed export price. The Department normally will



determine that the value added in the United States meets this requirement if the value of the further processing in the United States by the affiliated person is estimated to be at least 65 percent of the price charged to the first unaffiliated purchaser for the merchandise as it is sold in the United States. In such cases, if possible, the Department will use the price of identical or similar subject merchandise sold to an unaffiliated customer by the producer, exporter, or affiliated seller. If there is an insufficient quantity of such sales or it is not appropriate to use such sales, the Department may rely on any other reasonable basis. (Sections 772(d)(2) and 772(e) of the Act; sections 351.402 (b) and (c) of the regulations.)

### **Home Market**

The home market refers to the market for sales of the foreign like product in the country in which the merchandise under review is produced. Home market sales are the preferred basis for normal value. (See also **Third-Country Market** and **Viability**.)

### **Identical Merchandise**

The Department prefers to compare U.S. sales to foreign market sales of identical merchandise. The identical merchandise is merchandise that is produced by the same manufacturer in the same country as the subject merchandise, and which the Department determines is identical or virtually identical in all physical characteristics with the subject merchandise, as imported into the United States. (See also **Similar Merchandise** and **Foreign Like Product**.)

### **Imputed Expenses**

Imputed expenses generally are opportunity costs (rather than actual costs) that are not reflected in the financial records of the company being investigated, but which must be estimated and reported for purposes of an antidumping inquiry. Common examples of imputed expenses include credit expenses and inventory carrying costs.

### **Indirect Expenses**

See **Direct vs. Indirect Expenses**.

### **Inventory Carrying Costs**

Inventory carrying costs are the interest expenses incurred (or interest revenue foregone)

between the time the merchandise leaves the production line at the factory to the time the goods are shipped to the first unaffiliated customer. The Department normally calculates these costs by applying the firm's annual short-term borrowing rate in the currency of the country where the inventory is being held, prorated by the number of days between leaving the production line and shipment to the customer, to the unit cost or price. (See also **Imputed Expenses**.)

### **Level of Trade**

To the extent practicable, the Department calculates normal values based on sales made in the foreign market at the same level of trade as the constructed export price (CEP) or export price, or adjusts for the differences in levels of trade. In a CEP situation, economic activities occurring in the United States are not considered in determining the level of trade. The level of trade of the U.S. sale is that associated with the constructed export price.

In order to establish whether differences in levels of trade exist, the Department reviews distribution systems, including categories of customers, selling activities, and levels of selling expenses for each type of sale. Different levels of trade are typically characterized by purchasers at different stages in the chain of distribution and sellers performing qualitatively and/or quantitatively different selling activities. Different levels of trade necessarily involve differences in selling activities, although differences in selling activities alone are not sufficient to establish differences in levels of trade. Similarly, customer categories such as distributor, wholesaler, retailer, and end-user are often useful in identifying levels of trade, although they, too, are insufficient in themselves to establish differences in levels of trade. Rather, the Department evaluates differences in levels of trade based on a seller's entire marketing process. (Section 773(a)(1) and 773(a)(7)(A) of the Act; sections 351.412(a)-(c) of the Department's regulations.)

### **Level of Trade Adjustment**

When the Department bases normal value on sales in the foreign market at a level of trade that is different from that of the EP or CEP, the Department may adjust the normal value to account for differences in levels of trade between the two markets.

The Department makes these adjustments only when there is a difference in the levels of trade and that difference affects price comparability. The Department determines whether there is an effect on price comparability by determining whether there is a pattern of consistent price differences between sales at the different levels of trade in the foreign market. The Department normally calculates any adjustment for level of trade based on the percentage difference between an average of the prices at the different levels of trade in the foreign market, less any expenses adjusted for elsewhere in the normal value calculation. (Sections 773(a)(1) and (7) of the Act; sections 351.412(c), (d), and (e) of the regulations.)

## **Movement Expenses**

Movement expenses are expenses directly attributable to bringing the merchandise from the original place of shipment to the place of delivery to the United States or in the foreign market. These expenses may include freight and freight insurance charges, brokerage and handling fees, export taxes, and warehousing expenses incurred after the merchandise leaves the original place of shipment.

Normally, the production facility is considered to be the original place of shipment. However, where export price, constructed export price, or normal value is based on a sale made by a reseller unaffiliated with the producer, the Department may treat the place from which the reseller shipped the merchandise as the original place of shipment. (Sections 772(c)(2)(A) and 773(a)(6)(B)(ii) of the Act; section 351.401(e) of the regulations.)

## **Normal Value**

Normal value is the adjusted price of the foreign like product in the home or third-country (foreign) market, or the constructed value of the subject merchandise. The Department compares the normal value to the export price or constructed export price to determine the margin of dumping, if any.

The Department initially seeks to calculate normal values based on price. If there are adequate sales in the home market (see **Viability**), the Department calculates normal value based on the price at which the foreign like product is first sold (generally, to unaffiliated parties) in that market; otherwise, if there are adequate sales in a third-country market, the Department calculates normal value based on the price at which the foreign like product is first sold (generally, to unaffiliated parties) in the third-country market. If there are no appropriate home or third-country market sales, the Department determines normal value by calculating the constructed value.

To ensure a fair comparison between normal value and export price or constructed export price, the Department makes adjustments to the price used to calculate the normal value. The Department adds U.S. packing charges and deducts any of the following expenses included in the foreign market price: packing charges, transportation costs, and any internal tax<sup>2</sup> that was rebated or not collected on the subject merchandise. The Department may make additional adjustments to account for differences in the conditions under which sales are made in the United States and the foreign market. Thus, the Department may increase or decrease the normal value to account for differences in quantities, physical characteristics of the merchandise, levels of trade, and other circumstances of sale. (Section 773(a) and 773(c) of the Act.)

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<sup>2</sup> Any internal tax other than an export tax or duty, or other charge described in section 771(6)(C) of the Act.

### **Ordinary Course of Trade**

In calculating normal value, the Department considers only those sales in the foreign market that are in the ordinary course of trade. Generally, sales are in the ordinary course of trade if made under conditions and practices that, for a reasonable period of time prior to the date of sale of the subject merchandise, have been normal for sales of the foreign like product. (Section 771(15) of the Act; section 351.102(b) of the regulations. See also **Arms-length Transactions**.)

### **Price Adjustments**

A price adjustment is any change in the price charged for subject merchandise or the foreign like product that is reflected in the purchaser's net outlay. Discounts and rebates are examples of price adjustments.

A discount is a reduction to the gross price that a buyer is charged for goods. Although the discount need not be stated on the invoice, the buyer remits to the seller only the face amount of the invoice, less discounts. Common types of discounts include early payment discounts, quantity discounts, and loyalty discounts.

Similar to discounts, rebates are reductions in the gross price that a buyer is charged for goods. Unlike discounts, rebates do not result in a reduction in the remittance from the buyer to the seller for the particular merchandise with which the rebate is associated. Rather, a rebate is a refund of monies paid, a credit against monies due on future purchases, or the conveyance of some other item of value by the seller to the buyer after the buyer has paid for the merchandise. When the seller establishes the terms and conditions under which the rebate will be granted at or before the time of sale, the Department reduces the gross selling price by the amount of the rebate. (Section 351.102(b) of the regulations. See also **Direct vs. Indirect Expenses**.)

### **Proprietary Information**

Proprietary information is sensitive business data that would cause substantial harm to the submitting party if disclosed publicly. Examples of information that the Department normally treats as proprietary, if requested and not already in the public domain, include trade secrets concerning the production process, production and distribution costs, terms of sale, individual prices, and the names of customers and suppliers.

### **Proprietary Treatment**

If a party requests proprietary treatment of information, and if the Department agrees that the information is proprietary, the Department will protect the information from public disclosure. If the Department does not agree that the information is proprietary, it will return the information and not rely on it in the proceeding, unless the submitting party agrees that it may be made public. When requested, the Department will disclose proprietary information only to United States International Trade Commission and United States Customs Service officials and, under limited administrative protective orders, representatives of interested parties. (Section 777(b) of the Act. See also **Administrative Protective Order.**)

### **Rebates**

See **Price Adjustments**

### **Regulations**

See **Antidumping Law and Regulations**

### **Similar Merchandise**

In deciding which sales of the foreign like product to compare to sales of the subject merchandise, the Department first seeks to compare sales of identical merchandise. If there are no sales of the identical foreign like product, the Department will compare sales of the foreign like product similar to the subject merchandise. The similar foreign like product is merchandise that is produced by the same manufacturer in the same country as the subject merchandise, and which, in order of preference, is either (1) similar to the subject merchandise in component materials, use, and value, or (2) similar in use to, and reasonably comparable to, the subject merchandise. (Section 771 (16) of the Act. See also **Identical Merchandise, Foreign Like Product**, and Appendix V.)

### **Subject Merchandise**

Subject merchandise is the merchandise under investigation or review, *i.e.*, the merchandise described in Appendix III to the questionnaire, and sold in, or to, the United States. (Section 771(25) of the Act.)

### **Technical Service Expenses**

Technical service expenses are typically incurred when a producer provides technical advice to customers which are industrial users of the product. Generally, the Department considers travel

expenses and contract services performed by unaffiliated technicians to be direct expenses. The Department treats salaries paid to the seller's employees who provide technical services as indirect expenses.

### **Third-Country Market**

When the Department cannot use home market sales as the basis for normal value, the preferred alternative method is the use of sales to a third-country market, *i.e.*, export sales of the foreign like product to a country other than the United States. Generally, in selecting a third-country market to be used as the foreign market, the Department will choose one of the three third-country markets with the largest aggregate quantity of sales of the foreign like product. In selecting which country, the Department will consider product similarity, the similarity of the third-country and U.S. markets, and whether the sales to the third country are representative. (Section 773(a)(1) of the Act; section 351.404 of the regulations. See also **Home Market** and **Viability**.)

### **Verification**

To establish the adequacy and accuracy of information submitted in response to questionnaires and other requests for information, the Department examines the records of the party that provided the information and interviews company personnel who prepared the questionnaire response and are familiar with the sources of the data in the response. This process is called verification. The Department must verify information relied upon in making a final determination in an investigation, or in an administrative review when revocation of an antidumping order is properly requested. The Department also must verify information submitted in an administrative review if an interested party so requests and no verification of the producer or exporter had been conducted during the two immediately preceding reviews of that producer or exporter, or if good cause for verification is shown. (Section 782(i) of the Act; section 351.307 of the regulations.)

### **Viability**

To calculate normal value based on sales in the home market, the Department must determine that the volume of sales is adequate in that market and that a particular market situation does not make their use inappropriate. To calculate normal value based on sales in a third-country market, the Department must make the same determinations with respect to sales to the third country, and in addition the sales must be representative. These determinations establish whether a market is viable.

The Department normally finds sales to be adequate if the quantity of the foreign like product sold is 5 percent or more of the quantity sold to the United States. In unusual situations, the Department may find that sales below the 5-percent threshold are adequate, or that sales above

the threshold are not. Also in unusual situations, the Department may apply the 5-percent test on the basis of value, rather than quantity. The terms particular market situation and representative are undefined in the statute or the regulations. A particular market situation might exist, for example, where there was a single sale in the foreign market that constituted 5 percent or more of the quantity sold to the United States, or where government control of pricing is such that prices cannot be competitively set. (Section 773(a)(1) of the Act; section 351.404(b)(2) of the Department's regulations.)

**Warehousing Expenses**

See **Movement Expenses**

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**APPENDIX II**  
**INSTRUCTIONS FOR SUBMITTING**  
**COMPUTER DATABASES AND WORKSHEETS**

A. DESCRIPTION OF COMPUTER FILE CONTENTS

Each file submitted should be assigned a unique eight character name. We suggest that the first four positions be used to identify the respondent's name, the next two positions the type of file (e.g., HM = home market sales; US = United States sales; CP = cost), and the last two positions a sequential file number.

For example, the first file of export sales to the United States would be named "FIRMUS01." If that data file is amended and resubmitted during the course of the proceeding, the second submission would be named "FIRMUS02," and the third submission "FIRMUS03."

Within each file, all information pertaining to a specific sales transaction or to the cost of production for a unique product should be included in one record (row). Each record should contain the fields (variables) defined in the suggested file formats included in section B (Foreign Market Sales), section C (United States Sales), section D (Cost of Production and Constructed Value) and section E (U.S. Further Manufacturing) of the questionnaire.

In preparing the files, left justify character fields (columns) and right justify numeric fields. If some of the fields in the suggested file formats are not needed, exclude them from the file. Explain in the narrative portion of your response why the information in those fields is not applicable.

For each transaction, provide information for all fields/columns. If any revenue or expense information is not applicable (e.g., no discount on a particular sale), place a zero in the cell. If date information is not known or is unavailable for a transaction (e.g., payment date), leave that particular cell blank.

Because the suggested file formats can be modified to add or delete fields, we have not specified record length or field position in the file formats. The Department, however, does require that each file have a fixed record length and a uniform structure. Every record within a file must be of the same length and must be formatted exactly like every other record in the file. This requires that each field within a record have a fixed width and that the fields be consistent from record to record.

All values within each field must have the same format, either all values as numeric or all values as character. In other words, do not mix character and numeric formats within the same field. Fields with mixed formats will cause errors. This is important for all data files, especially for data submitted in Excel spreadsheet format.

Report numerical data in a numerical format that allows calculations (e.g., 10, not 10 MT).



## II-2

Units should be reported in fields separate from numerical values.

When preparing the completed files for submission, sort each file first by product control number (CONNUM), and then, for sales files only, by date of sale (SALEDT). Packed decimals should be avoided. If you anticipate the need of packed decimals, approval should be obtained from the official in charge.

The Department uses PC SAS software for calculation purposes. Other suitable formats are Access, dBase, Excel and ASCII text. If you have questions about the software used for submission, contact the official in charge of the case.

For Excel spreadsheet and ASCII text files, use the first row to enter the field names as defined in the questionnaire. Each subsequent row should contain data values. Each row of data values should represent only one transaction (sale, cost record, etc.). In Excel spreadsheet files, there should be no hidden rows or columns in the file. Do not protect columns or rows.

For Excel spreadsheet files, report date variables as Excel date values (e.g., the integer value 1 represents January 1, 1900; the integer value 39965 represents June 1, 2009). Format the date value with the Excel MM/DD/YYYY date format (e.g., 06/01/2009). If there is no date to report, leave the field blank.

For SAS dataset files, report date variables as SAS date values (e.g., the integer value 1 represents January 1, 1960; the integer value 18049 represents June 1, 2009). Format the date value with the SAS MM/DD/YYYY date format (e.g., 06/01/2009). If there is no date to report, leave the field blank.

### B. DOCUMENTATION OF FILE FORMATS

Provide a record layout for each submitted file which identifies the file name and structure and shows the name, position, and characteristics of all fields in the file.

As noted under the general filing instructions included at the beginning of this questionnaire, for each database submitted in an antidumping proceeding, you must also complete Appendix VII, which is a template providing a standard format for reporting the units of measurement, currencies, and conversion factors. Please complete a separate template for each database submitted (home market sales, U.S. sales, cost, etc.) and be sure to provide the requested data for each numerical field in the database.

### C. FILING INSTRUCTIONS

Except as described above under the section Manual Filing, all database files, including Microsoft Excel spreadsheets, that are less than 20 MB in size must be filed electronically using IA ACCESS. Instructions for using IA ACCESS can be found above and at <http://iaaccess.trade.gov>. Please refer to the Handbook on Electronic Filing Procedures in the Help section of the website.

For manual filings (when applicable), separately pack and label the electronic media containing the databases or spreadsheets (see section below for labeling and other instructions). Deliver the package to the manual filing address listed in the general instructions of this questionnaire. (Note that databases over 20 MB must be filed manually.)

D. SPECIAL INSTRUCTIONS FOR MANUAL FILING

For manual filings (when applicable), you may submit your databases or spreadsheets on either a CD or DVD. Compressed databases are acceptable, but decompression instructions and software must accompany any compressed data submission.

Clearly label the CD or DVD with the following information:

1. Case name, case number, and submission date
2. Name of respondent
3. Proceeding and time period (for example, REV-POR 1/2001-12/2001 or AR#2-POR 3/2001-2/2002)
4. Name of official in charge
5. File formats and software used to create the databases or worksheets
6. File names, number of observations, and record lengths
7. IA ACCESS bar code number

E. BRACKETING OF DATABASES

1. Database files containing business proprietary information will be considered business proprietary in their entirety. Brackets are not required for such electronic database files, but where possible, use headers and footers to indicate that the database contains business proprietary information. You must also submit a public version of the business proprietary database. The public version must contain brackets around the redacted or ranged business proprietary information, be properly labeled as a public version and submitted as a PDF file.
2. All databases must be releasable in their entirety under the terms of an administrative protective order. (During an investigation, the Department may not release customer names or any information that would lead to their identity. If your standard customer code plainly identifies the customer, immediately contact the official in charge to obtain authorization for the use of a substitute code.)

### **APPENDIX III**

#### **DESCRIPTION OF PRODUCTS UNDER REVIEW**

The merchandise under review is \_\_\_\_\_. The merchandise under review is currently classifiable under item \_\_\_\_\_ of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise under review is dispositive.

Updated September 2, 2011

**APPENDIX IV**

**CERTIFICATE OF SERVICE**

I, \_\_\_\_\_, hereby certify that a copy of the

(name of certifying official)

foregoing submission on behalf of \_\_\_\_\_,

(company name)

dated \_\_\_\_\_, was served by first class mail or by hand delivery (circle the method

used) on the following parties:

(Business Proprietary Version)

On Behalf of

Name and address

(Public Version)

On Behalf of

Name and address

\_\_\_\_\_  
(signature of certifying official)

For the person(s) officially responsible for presentation of the factual information:

**COMPANY CERTIFICATION\***

I,           (PRINTED NAME AND TITLE)          , currently employed by (COMPANY NAME), certify that I prepared or otherwise supervised the preparation of the attached submission of (IDENTIFY THE SPECIFIC SUBMISSION BY TITLE AND DATE) pursuant to the (INSERT ONE OF THE FOLLOWING: THE (ANTIDUMPING OR COUNTERVAILING DUTY ) INVESTIGATION OF (PRODUCT) FROM (COUNTRY) (CASE NUMBER) or THE (DATES OF POR) (ADMINISTRATIVE OR NEW SHIPPER) REVIEW UNDER THE (ANTIDUMPING OR COUNTERVAILING) DUTY ORDER ON (PRODUCT) FROM (COUNTRY) ) (CASE NUMBER) or THE SUNSET REVIEW OR CHANGED CIRCUMSTANCE REVIEW OR SCOPE RULING OR CIRCUMVENTION INQUIRY OF AD/CVD ORDER ON (PRODUCT) FROM (COUNTRY) (CASE NUMBER). I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\* For multiple person certifications, all persons should be listed in the first sentence of the certification and all persons should sign and date the certification. In addition, singular pronouns and possessive adjectives should be changed accordingly, e.g., “I” should be changed to “we” and “my knowledge” should be changed to “our knowledge.”

## GOVERNMENT CERTIFICATION\*\*

I,           (PRINTED NAME AND TITLE)          , currently employed by (GOVERNMENT), certify that I prepared or otherwise supervised the preparation of the attached submission of (IDENTIFY THE SPECIFIC SUBMISSION BY TITLE AND DATE) pursuant to the (INSERT ONE OF THE FOLLOWING: THE (ANTIDUMPING OR COUNTERVAILING DUTY ) INVESTIGATION OF (PRODUCT) FROM (COUNTRY) (CASE NUMBER) or THE (DATES OF POR) (ADMINISTRATIVE OR NEW SHIPPER) REVIEW UNDER THE (ANTIDUMPING OR COUNTERVAILING) DUTY ORDER ON (PRODUCT) FROM (COUNTRY) ) (CASE NUMBER) or THE SUNSET REVIEW OR CHANGED CIRCUMSTANCE REVIEW OR SCOPE RULING OR CIRCUMVENTION INQUIRY OF AD/CVD ORDER ON (PRODUCT) FROM (COUNTRY) (CASE NUMBER). I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\*\* For multiple person certifications, all persons should be listed in the first sentence of the certification and all persons should sign and date the certification. In addition, singular pronouns and possessive adjectives should be changed accordingly, e.g., “I” should be changed to “we” and “my knowledge” should be changed to “our knowledge.”

## ALTERNATIVE GOVERNMENT CERTIFICATION

I, (name and title), currently employed by (person), certify that (1) I have read the attached submission, and (2) the information contained in this submission is, to the best of my knowledge, complete and accurate.

For the legal counsel or other representative:

**REPRESENTATIVE CERTIFICATION\*\*\***

I,           (PRINTED NAME)          , with           (LAW FIRM or OTHER FIRM)          , counsel or representative to           (COMPANY OR GOVERNMENT OR PARTY)          , certify that I have read the attached submission of (IDENTIFY THE SPECIFIC SUBMISSION BY TITLE AND DATE) pursuant to the (INSERT ONE OF THE FOLLOWING: THE (ANTIDUMPING OR COUNTERVAILING DUTY) INVESTIGATION OF (PRODUCT) FROM (COUNTRY) (CASE NUMBER) or THE (DATES OF POR) (ADMINISTRATIVE OR NEW SHIPPER) REVIEW UNDER THE (ANTIDUMPING OR COUNTERVAILING) DUTY ORDER ON (PRODUCT) FROM (COUNTRY) (CASE NUMBER) or THE SUNSET REVIEW OR CHANGED CIRCUMSTANCE REVIEW OR SCOPE RULING OR CIRCUMVENTION INQUIRY OF AD/CVD ORDER ON (PRODUCT) FROM (COUNTRY) (CASE NUMBER). In my capacity as an adviser, counsel, preparer or reviewer of this submission, I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\*\*\* For multiple representative certifications, all representatives and their firms should be listed in the first sentence of the certification and all representatives should sign and date the certification. In addition, singular pronouns and possessive adjectives should be changed accordingly, e.g., “I” should be changed to “we” and “my knowledge” should be changed to “our knowledge.”

**APPENDIX V**

**CASE-SPECIFIC QUESTIONS AND MODIFICATIONS,  
INCLUDING MATCHING CRITERIA**