

DATE: September 3, 2008

MEMORANDUM TO: David M. Spooner  
Assistant Secretary  
for Import Administration

FROM: Stephen J. Claeys  
Deputy Assistant Secretary  
for Import Administration

SUBJECT: Issues and Decision Memorandum for 2006-2007 Antidumping  
Duty Administrative Review of Stainless Steel Bar from India

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## **SUMMARY**

We have analyzed the case and rebuttal briefs of interested parties<sup>1</sup> in the 2006-2007 antidumping duty administrative review of stainless steel bar (“SSB”) from India. As a result of our analysis, we have made changes to the preliminary results. We recommend that you approve the positions described in the “Discussion of the Issues” section of this memorandum. Outlined below is the complete list of the issues in this review for which we have received comments from the interested parties.

### Comments Relating to D.H. Exports Pvt. Ltd.

Comment 1: Alleged Missing Attachments

Comment 2: Direct Material Costs – Use of Pre-POR Costs

### Comments Relating to Sunflag Iron & Steel Co. Ltd.

Comment 3: Sunflag’s Ferrochrome Purchases from Affiliate Navbharat Ventures

Comment 4: Rent Sunflag Paid to Affiliate, Ridge Farm Developers, for New Delhi Office

Comment 5: Rent Sunflag Paid to Affiliate, Haryana Television, for Faridabad Office

Comment 6: Adjustment to Interest on Working Capital Loan

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<sup>1</sup> Domestic interested parties: Carpenter Technology Corporation, Valbruna Slater Stainless, Inc., Electralloy Corporation, a Division of G.O. Carlson, Inc. (“Petitioners”). Respondents: D.H. Exports Pvt. Ltd. (“DHE”) and Sunflag Iron & Steel Co. Ltd. (“Sunflag”).

Comment 7: Imputed Interest on Unsecured Interest-Free Loan from Affiliate Sunflag Ltd. UK  
Comment 8: Home Market Imputed Credit Expenses

## **BACKGROUND**

On February 21, 1995, the Department of Commerce (“Department”) published in the Federal Register the antidumping duty order on SSB from India. See Antidumping Duty Orders: Stainless Steel Bar from Brazil, India and Japan, 60 FR 9661 (February 21, 1995). On February 2, 2007, the Department published a notice in the Federal Register providing an opportunity for interested parties to request an administrative review of this order for the period of review (“POR”) February 1, 2006, through January 31, 2007. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity To Request Administrative Review, 72 FR 5007 (February 2, 2007). The Department published in the Federal Register the preliminary results of this review on March 7, 2008. See Stainless Steel Bar From India: Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review, 73 FR 12382 (March 7, 2008) (“Preliminary Results”). On March 20, 2008, the Department published a correction notice to the Preliminary Results. See Stainless Steel Bar From India: Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review, 73 FR 15049 (March 20, 2008).

This review covers two manufacturers and exporters of the subject merchandise: DHE and Sunflag. Following the Preliminary Results, the Department issued two supplemental questionnaires to both DHE and Sunflag. The Department received DHE’s responses on March 20, 2008, and April 2, 2008. The Department received Sunflag’s responses on April 2, 2008, and July 7, 2008.

On June 24, 2008, the Department published a notice extending the deadline for these final results to September 3, 2008. See Stainless Steel Bar from India: Notice of Extension of Time Limit for the Final Results of the 2006–2007 Antidumping Duty Administrative Review, 73 FR 35639 (June 24, 2008).

We invited interested parties to comment on the Preliminary Results. On July 16, 2008, the Petitioners and DHE submitted case briefs.<sup>2</sup> In its case brief, DHE requested that the Department consider the purchase order date as the U.S. date of sale, rather than the invoice date, which was used for the Preliminary Results. To support this request, DHE provided the Department with unsolicited new information in the form of a revised U.S. sales database containing purchase order dates for its U.S. sales. On July 17, 2008, the Petitioners filed a rebuttal brief. The Petitioners requested that the Department reject and return to DHE the new factual information submitted in its case brief. According to the Petitioners, the Department did not request this new date of sale information and the deadline for the submission of new factual information had passed, as per 19 CFR 351.301(b)(2). On July 17, 2008, the Department rejected DHE’s case brief because it contained unsolicited new factual information. See July 17,

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<sup>2</sup> DHE incorrectly called this submission its “rebuttal brief.”

2008, Letter from Brandon Farlander to DHE, which is on file in the Central Records Unit (“CRU”) in room 1117 of the main Department building. The Department instructed DHE to re-file its case brief excluding the unsolicited new factual information relating to purchase order date. DHE submitted its revised case brief, excluding the unsolicited new factual information, on July 21, 2008.

On July 22, 2008, Sunflag filed a rebuttal brief. On August 8, 2008, the Department rejected Sunflag’s July 22, 2008, (dated July 19, 2008) rebuttal brief because it contained unsolicited new factual information relating to rent paid to affiliate Ridge Farm Developers for Sunflag’s office rental for Mr. P.B. Bhardwaj. See August 8, 2008, Letter from Brandon Farlander to Sunflag, which is on file in the CRU in room 1117 of the main Department building. The Department instructed Sunflag to re-file its rebuttal brief excluding the unsolicited new factual information. On August 18, 2008, the Department received Sunflag’s revised rebuttal brief, excluding the unsolicited new factual information.

## **DISCUSSION OF THE ISSUES**

### **D.H. Exports Pvt. Ltd.**

#### **Comment 1: Alleged Missing Attachments**

*DHE’s Argument:* DHE claims that at the time of the Preliminary Results, it did not receive the Department’s attachments pertaining to the calculations of indirect selling expenses incurred in the United States and direct material costs. DHE requests the Department to send DHE a copy of these attachments.

*Petitioners’ Rebuttal:* The Petitioners did not respond to DHE’s comments on this point.

*Department’s Position:* On March 5, 2008, the Department released to DHE the Preliminary Results, including the calculations that supported those results. This release was delivered in hard copy to DHE’s headquarters on March 8, 2008, through Federal Express Courier Service. The same information was also e-mailed to DHE. We had no reason to believe that the calculations in question were not included in the package delivered by Federal Express and in the e-mail. Had DHE informed us of such an omission prior to the filing of its case brief, we would have promptly provided DHE with the particular calculations. Regardless, we are re-releasing these calculations with our final results.

#### **Comment 2: Direct Material Costs – Use of Pre-POR Costs**

*DHE’s Argument:* DHE urges the Department to deviate from its preliminary decision to base DHE’s direct material costs on purchases during the POR. Instead, DHE states that the Department should use pre-POR direct material costs for the final results. DHE states that it takes about 55-60 days from the date of purchase of the raw material to the date of dispatch of the subject merchandise from DHE’s factory (average inventory turnover). Based on DHE’s 55-60 day production cycle, DHE argues that the Department should use a pre-POR cost reporting

period because this reflects the true and fair value of DHE's costs for the merchandise under review.

*Petitioners' Rebuttal:* The Petitioners urge the Department to affirm its preliminary decision to adjust DHE's cost of materials upward to reflect the material purchase prices for the POR. The Petitioners note that the Department's standard questionnaire directs DHE to report the actual POR production costs, including the cost of materials, incurred by DHE. The Petitioners remind the Department that, contrary to the section D questionnaire, DHE stated that it was reporting an estimated material cost by relying on lagged raw material purchase prices, which were based on average inventory turnover. The Petitioners state that to correct for this error, the Department justifiably revised DHE's reported direct material costs to consider all POR material costs for the Preliminary Results.

*Department's Position:* The Department has continued to adjust DHE's direct material costs to reflect costs during the POR, rather than pre-POR costs (based on an average inventory turnover of 55-60 days). This approach is consistent with our standard practice, as noted by the Court of International Trade (CIT):

Commerce's standard practice in calculating {cost of production} and {constructed value} is to use {cost of manufacture ("COM")}, rather than cost of goods sold ("COGS"), because COM "represents the cost to manufacture the product during the period." Certain Preserved Mushrooms from Indonesia, 63 Fed. Reg. 72,268, 72,273 (Dep't Commerce 1998) (notice of final determination of sales at LTFV).

Thai Pineapple Canning Indus. v. United States, 24 C.I.T. 107, 111 (CIT 2000).

With regard to the cost reporting period, the CIT notes that the Department:

analyzes costs based on the cost to produce the merchandise during the period in which sales are being made, "as opposed to the cost to produce each of the particular sales made during the reporting period." *Remand Results*, at 12. Commerce therefore requests that respondents report the weighted average production data based on costs incurred during the POI/POR. *Stainless Steel Bar from Spain*, 59 Fed. Reg. 66,931, 66,938 (Dep't Commerce 1994) (notice of final determination of sales at LTFV). Commerce departs from this practice in unique circumstances, "such as when production did not occur during the period of investigation." *Id.* "Absent strong evidence to the contrary, the Department assumes that the cost structure during the POI is representative and can be used to calculate an estimate of the cost of production." *Id.* Commerce recognizes that the statutory language is broad enough

to accommodate calculating COP and CV on a different basis, but it has chosen to use costs during the POR/POI as a “consistent and predictable approach.” *Remand Results*, at 27.

Id. at 112.

In this review, DHE has not provided evidence to support a departure from this practice, such as lack of production during the POR. Therefore, shifting the cost reporting period is not warranted in this case. See Preliminary Results, 73 FR at 12386.

### Sunflag Iron & Steel Co. Ltd.

#### Comment 3: Sunflag’s Ferrochrome Purchases from Affiliate Navbharat Ventures

*Petitioners’ Argument:* The Petitioners state that Sunflag bought 350 metric tons (“MT”) of ferrochrome at a price of 34,950 Indian rupees (“INR”)/MT from its affiliate, Navbharat Ventures. In contrast, Sunflag purchased ferrochrome from unaffiliated parties at a higher price of 36,549.12 INR/MT (total purchases from Shyam Ferro Alloys, Tata Steel and Indian Metals of 123,198,671 INR divided by the relevant tonnage of 3,370.77), according to the Petitioners. The Petitioners note that Sunflag has stated that ferrochrome is an input used in SSB. Therefore, according to the Petitioners, for the final results, the Department should make an upward adjustment to the cost of the ferrochrome Sunflag purchased from its affiliated supplier so that it reflects market prices.

*Sunflag’s Rebuttal:* Sunflag argues that the Department should not make any changes to the value of ferrochrome purchases from affiliate Navbharat Ventures. Sunflag claims that the difference between the prices paid to its affiliated and unaffiliated suppliers can be explained by differing delivery and payment terms. Sunflag also states that its order with Navbharat Ventures was placed on September 14, 2006, whereas the merchandise exported to the United States was manufactured on July 19, 2006. In Sunflag’s view, this shows that ferrochrome from the affiliate was not used in the production of subject merchandise exported to the United States. Finally, Sunflag states that Dr. E.R. C. Shekhar, who is a director on both Sunflag and Navbharat Ventures, had no influence regarding the price or other conditions of procurement from affiliate Navbharat Ventures.

*Department’s Position:* The Department disagrees with both Sunflag’s and the Petitioners’ calculations concerning the weighted-average cost of the ferrochrome Sunflag purchased from affiliate Navbharat Ventures as compared to the weighted-average cost of the ferrochrome Sunflag purchased from its four unaffiliated suppliers. We note that the Petitioners’ calculation incorrectly excludes the ferrochrome purchases from Jindhal Steel & Power Ltd., while Sunflag’s calculation incorrectly includes sales taxes. The Department’s calculations are available in the calculation memorandum to the final results. See Final Results Calculation Memorandum for Sunflag Iron & Steel Co. Ltd., dated September 3, 2008. After making these corrections, Sunflag’s weighted-average cost of ferrochrome from its affiliate Navabharat Ventures was 36,150 INR/MT, which is greater than 35,837 INR/MT, the weighted-average cost

of ferrochrome purchases from Sunflag's four unaffiliated suppliers. Therefore, the Department has no reason to believe that the purchase price from Sunflag's affiliated party was not an arm's-length price or a market price.

Regarding Sunflag's argument that the ferrochrome purchased from affiliate Navbharat Ventures is not relevant to the Department's analysis because the order was placed after the subject merchandise examined in this review was produced, we disagree. As explained in response to Comment 2, Sunflag's POR-specific costs include all purchases of ferrochrome during the POR.

#### Comment 4: Rent Sunflag Paid to Affiliate, Ridge Farm Developers, for New Delhi Office

*Petitioners' Argument:* The Petitioners urge the Department to find that the cost of office space leased for Director/Non-Executive Chairman P.B. Bhardwaj should be added to Sunflag's selling, general and administrative expenses ("SG&A"). According to the Petitioners, the activities of this corporate officer are clearly essential to the marketing, sales and production of Sunflag, including its U.S. sales of SSB. Thus, the Petitioners urge the Department to find that the lease expenses for Mr. P.B. Bhardwaj are related to the merchandise under review and to add them to Sunflag's SG&A expenses.

*Sunflag's Rebuttal:* Sunflag claims that Mr. P.B. Bhardwaj is the Non-Executive Chairman of Sunflag's Board of Directors and, as Non-Executive Chairman, is not involved in day-to-day affairs of the company. Sunflag states that Mr. P.B. Bhardwaj is a non-resident Indian and visits India for Board meetings and other meetings not related to sales, marketing, or production. Sunflag indicates that its expenditure on leased office space cannot be treated as a selling expenditure because Mr. P.B. Bhardwaj's involvement in sales, marketing, or production related activities is "nil." According to Sunflag, this office space is provided to P.B. Bhardwaj during his stay in India to attend various meetings relating to: new projects/expansion/modification of the plant; project financing; policy matters regarding exploring the possibility of acquisition of mines of iron ore, coal, and mines of other minerals; statutory compliances; board meetings; annual general meeting; meetings with banks and financial institutions; and meetings with various statutory agencies. In addition, Sunflag argues that members of Sunflag's board of directors never interfere in day-to-day decisions of Sunflag's department heads. Instead, Sunflag states that operational decisions are taken by these department heads and the decisions are executed by subordinate executives. Thus, Sunflag argues that the expenditure on leased office space by Director P.B. Bhardwaj should not be treated as a selling expenditure.

*Department's Position:* Based on Sunflag's description of the activities associated with these office lease expenses, we determine that these expenses are general and administrative expenses ("G&A") and relate to the general operations of the company as a whole. See Rautaruukki Oy v. United States, 19 CIT 438, 444 (Ct. Int'l Trade 1995) (where the CIT agreed with Commerce that G&A expenses are those expenses which relate to the activities of the company as a whole rather than to the production process).

In contrast to G&A expenses, the Department also examines selling expenses in its dumping analysis, of which there are two types: direct and indirect. Direct selling expenses, such as

commissions and transportation costs, are those expenses that result from, and bear a direct relationship to, the particular sales in question. See Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils From Germany, 64 FR 30710 (June 8, 1999) and accompanying Issues and Decision Memorandum at Comment 8. Indirect selling expenses are sales expenses which are incurred regardless of whether sales are made and are not linked to a particular sale, such as salesman's salaries and sales office rent. See Stainless Steel Sheet and Strip in Coils from Mexico; Final Results of Antidumping Duty Administrative Review, 73 FR 7710 (February 11, 2008), and accompanying Issues and Decision Memorandum at Comment 3; see also March 28, 2007, section B questionnaire at Field Number 38 (Indirect Selling Expenses) on page B-30.

In the instant case, the Department finds that Mr. P.B. Bhardwaj's activities, such as statutory compliances; board meetings; annual general meeting, do not relate to Sunflag's direct or indirect selling expenses. Instead, these activities relate to the general operations of the company as a whole. Therefore, the Department finds that this office rent should be treated as a general and administrative expense and, consistent with Department practice, we are including it in Sunflag's general and administrative expenses.

**Comment 5: Rent Sunflag Paid to Affiliate, Haryana Television, for Faridabad Office**

*Petitioners' Argument:* The Petitioners request the Department to increase Sunflag's costs by the amount of rent paid by Sunflag to Haryana Television for Sunflag's Faridabad office. The Petitioners state that despite Sunflag's statements to the contrary in the July 7, 2008, supplemental questionnaire response ("SQR"), Sunflag admitted in its section A questionnaire response ("AQR") at Exhibit 4, that its Faridabad office is involved with the merchandise under review.

*Sunflag's Rebuttal:* Sunflag asks the Department to reject the Petitioners' argument, stating that Exhibit 4 of its AQR lists all of Sunflag's regional offices, regardless of product sold. Sunflag claims that this list of offices was given to the Department so that Sunflag's response would be consistent with its submitted brochures. According to Sunflag, it is evident from the company's home market sales database that Sunflag had no sales of identical/comparable subject merchandise from the Faridabad regional office. Sunflag states that generally, SSB sales were made from its western regional office. Hence, Sunflag states that its Faridabad office rent is not relevant to the Department's analysis, and should not be included in Sunflag's cost of production ("COP").

*Department's Position:* The Department has not increased Sunflag's COP for rents paid to affiliate Haryana Television for Sunflag's Faridabad office. Sunflag indicated in its July 7, 2008, SQR that this leased office space is used as Sunflag's Northern Regional Office and Yard for supplying non-subject merchandise to its customers in the northern region of India. See July 7, 2008, SQR at 004. While we agree with Petitioners that Sunflag's original Section A questionnaire response did not specifically identify which sales offices sold the merchandise under review, as requested in the Department's questionnaire, Sunflag's July 7, 2008, SQR clarified the record.

#### Comment 6: Adjustment to Interest on Working Capital Loan

*Petitioners' Argument:* Petitioners argue that this loan should be treated as having been obtained from an affiliated bank and the interest adjusted upward. According to the Petitioners, Sunflag's reported interest rates only reflect the "minimum" interest rates shown on the loans from unaffiliated banks and, thus, do not include any additional banking charges called for on those unaffiliated loans. The Petitioners cite to Sunflag's sanction letter/loan documentation and to a news/magazine article to argue that an interest rate of 11.18 percent should be applied.

*Sunflag's Rebuttal:* Sunflag claims that it is not affiliated with the bank in question. Sunflag argues that when it stated in its July 7, 2008, SQR that the loan was "not from an unaffiliated bank," it meant that the bank supplying the loan is affiliated with the Reserve Bank of India. Sunflag states that its only relationship with the bank supplying the loan is as a customer.

Sunflag further contends that it would be "bad law" to adopt the interest rate suggested by Petitioners as Sunflag's interest rate is based on its credit rating. Sunflag argues that it is wrong to use newspapers/magazines as a source for interest rates because such sources cannot provide guidance about the interest rates and other charges applicable to a particular organization, such as Sunflag. In addition, Sunflag states that its interest rate is linked with the London Inter-Bank Offer Rate, which results in Sunflag getting a better interest rate than the interest rate in Sunflag's sanction letter.

Also, Sunflag argues that if the Department has any doubts about Sunflag's affiliated transaction disclosures in its annual report, then it can verify these facts from the following agencies: Reserve Bank of India, Enforcement Directorate, Central Excise and Customs, Sunflag's consortium banks, and Registrar of Companies. Sunflag also states that its audited financial statement, which complies with the requirements of the Indian Companies Act of 1956 (portions of which are provided by Sunflag), reports all affiliated transactions between Sunflag and its management.

*Department's Position:* The Department has not adjusted the interest paid on this loan. We examined the list of banks Sunflag reported as having provided working capital loans (see July 7, 2008, SQR at 011) and determine that none is affiliated with Sunflag. In addition, the Department has examined Sunflag's list of transactions with affiliates in its annual report and has found no evidence that any of Sunflag's affiliated parties are banks nor do we have any reason to suspect that Sunflag's annual report does not list all of its affiliated transactions. Relying on this evidence, there is no basis for the adjustment requested by Petitioners.

#### Comment 7: Imputed Interest on Unsecured Interest-Free Loan from Affiliate Sunflag Ltd. UK

*Petitioners' Argument:* The Petitioners argue that for the final results, the Department should increase Sunflag's reported interest expenses to reflect interest that should have been paid on a loan from Sunflag's affiliated party, Sunflag Ltd. UK. Petitioners suggest using the 11.18 percent annual interest rate described in Comment 6.



*Sunflag's Rebuttal:* Sunflag disagrees and argues that its interest-free unsecured loan from Sunflag Ltd. UK is in accordance with the guidelines and instructions of the Reserve Bank of India and the Industrial Development Bank of India. Thus, Sunflag argues that the Department cannot impute interest on this loan on an arbitrary basis.

*Department's Position:* The Department's practice is to add interest expenses where the respondent has received interest-free loans. See Certain Preserved Mushrooms From Indonesia: Preliminary Results of Antidumping Duty Administrative Review, 66 FR 13903 (March 8, 2001) (Respondent P.T. Zeta Agro Corporation received an interest-free loan from an affiliate and the Department calculated an imputed interest expense on the outstanding loan balance.); which was not commented on in the final results: Certain Preserved Mushrooms From Indonesia: Final Results of Antidumping Duty Administrative Review, 66 FR 36754 (July 13, 2001). However, the Department disagrees with the Petitioners' suggested interest rate. The Department does not need to use a derived interest rate from public sources, such as newspaper and magazine articles, when Sunflag has reported loans with usable interest rates. See Certain Preserved Mushrooms From Indonesia: Preliminary Results of Antidumping Duty Administrative Review, 66 FR 13903, 13905-13906 (March 8, 2001) (where Zeta had an interest-free loan from an affiliate so the Department used Zeta's reported commercial short-term deposit rate and imputed interest expenses based on that rate) and accompanying Memorandum from Sheikh Hannan to Neal Halper, dated February 28, 2001, for P.T. Zeta Agro Corporation, entitled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results;" see also Notice of Final Determination of Sales at Less Than Fair Value: Extruded Rubber Thread from Indonesia, 64 FR 14690, 14694 (March 26, 1999) at Comment 6.

Thus, for the final results, the Department has used Sunflag's actual weighted-average interest rate to calculate Sunflag's additional interest expenses.

#### Comment 8: Home Market Imputed Credit Expenses

*Petitioners' Argument:* According to the Petitioners, the Department incorrectly calculated the home market credit expenses by using the home market gross unit price in the Preliminary Results. For the final results, the Petitioners argue that the Department should revise the imputed credit expenses by basing the calculation on the gross unit price less each home market discount. The Petitioners state that the Department's practice is to base credit expenses on the net unit price (gross unit prices less all discounts), not on the unadjusted gross unit price, as Sunflag does not extend credit to the buyer for the value of the discounts. The Petitioners cite to the definition of discount in the Dumping Manual (Glossary of Terms) to support their position.

*Sunflag's Rebuttal:* Sunflag disputes the Petitioners by arguing that payment discounts are only granted when the payment from the customer is received within the time limits established for that particular customer. Also, Sunflag argues that its working capital utilization loans are based on Sunflag's invoice value and this invoice value is not adjusted until Sunflag receives payment from the customer. Hence, Sunflag argues that it incurs interest on its invoice value and that the

Department should not deduct payment discounts from gross unit prices prior to calculating Sunflag's imputed credit expenses.

*Department's Position:* The Department has not changed the calculation of Sunflag's imputed home market credit expenses. The Department's practice is that "imputed credit expense estimates the opportunity cost to" a respondent "for shipping its asset, the merchandise, to the customer prior to receiving the customer's payment." See Certain Preserved Mushrooms From India: Final Results of Antidumping Duty Administrative Review, 68 FR 41303 (July 11, 2003), and accompanying Issues and Decision Memorandum at Comment 7 ("Indian Mushrooms"). As explained in the Indian Mushrooms case, after the respondent ships the merchandise to its customer, the respondent has neither the asset nor the payment and, thus, incurs a cost for extending the credit (imputed credit expenses) to the customer in anticipation of payment. The Department's calculation formula for imputed credit expenses includes the opportunity cost in terms of time (the difference between the shipment date and the payment date) and sales price (the invoiced price less any discounts or price adjustments granted at the time of sale). When calculating imputed credit, Department practice is to adjust the invoice price (i.e., gross unit price) by discounts or price adjustments taken when the customer remits payment for the merchandise. See Notice of Final Determination of Sales at Not Less Than Fair Value: Certain Color Television Receivers From Malaysia, 69 FR 20592 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 12 ("Color Televisions from Malaysia"), where the Department, in accordance with its practice, calculated an imputed credit by deducting from the respondent's gross unit prices those discounts where the customer did not pay the full invoice price (i.e., early payment discounts were deducted, but advertising reimbursements and rebates were not).

In the instant case, Sunflag reported three home market discounts: early payment discounts, quantity discounts, and rate difference discounts. According to source documents submitted by Sunflag, each of these three discounts was provided to the home market customer after that customer had already paid the full invoice amount. See June 4, 2007, section B questionnaire response at Exhibit B-7. Specifically, Sunflag has provided excerpts from its accounting system, along with corresponding credit notes, that show that all three discounts were granted approximately one or more months after the sale was made to the home market customer. Because the record evidence indicates that Sunflag's customers are paying the full invoice amount when payment is remitted for that particular invoice, consistent with Department practice, we are not deducting these discounts from the gross unit price when we calculate imputed home market credit expenses.

## RECOMMENDATION

Based on our analysis of the comments received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of this administrative review in the Federal Register.

AGREE \_\_\_\_\_

DISAGREE \_\_\_\_\_

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David M. Spooner  
Assistant Secretary  
for Import Administration

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Date