

will address exceptions on a case-by-case basis.

As this is a change in practice, we invite the parties to the proceeding to comment on this issue.

We relied on the COP information submitted by Himalya and Weikfield, except for the following adjustments:

#### Himalya

- We revised Himalya's fixed overhead (FOH) per-unit amounts to exclude certain products from both "mushroom growing" and "mushroom canning and IQF only" asset categories in allocating the depreciation expense to subject merchandise.

- We revised Himalya's G&A expense ratio calculation to exclude expenses related to Him Infotech dba Transatlantic Marketing, a separate subsidiary, and to include amortized expenses.

- We revised the interest expense ratio calculation to include net foreign exchange gains.

*See Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination Memorandum to Neal Halper dated February 28, 2003, for a further discussion of these adjustments.*

#### Weikfield

- We revised the reported direct labor and variable overhead costs to reflect changes in the allocation of manufacturing costs to the mushroom division (PMD) during the POR.

- We revised the reported FOH costs to include all depreciation costs experienced during the POR.

- We revised the G&A expense rate calculation to include all depreciation costs in the costs of goods sold amount used as the denominator in the calculation of the rate.

- We revised the financial expenses to exclude long-term financial income and the gain on debt restructuring. In addition, we included all depreciation costs in the costs of goods sold amount used as the denominator in calculating the financial expense ratio.

*See Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination, Memorandum to Neal Halper dated February 28, 2003, for a further discussion of these adjustments.*

#### B. Test of Home Market Prices

For Himalya and Weikfield, on a product-specific basis, we compared the weighted-average COP to the prices of home market sales of the foreign like product, as required by section 773(b) of the Act, in order to determine whether these sales were made at prices below

the COP. For purposes of this comparison, we used COP exclusive of selling and packing expenses. The prices were exclusive of any applicable movement charges, discounts, direct and indirect selling expenses and packing expenses. In determining whether to disregard home market sales made at prices less than their COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made: (1) Within an extended period of time, (2) in substantial quantities; and (3) at prices which did not permit the recovery of all costs within a reasonable period of time.

#### C. Results of COP Test

Pursuant to section 773(b)(2)(c) of the Act, where less than 20 percent of a respondent's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product during the POR were at prices less than the COP, we disregarded the below-cost sales because we determined that they represented "substantial quantities" within an extended period of time, and were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1) of the Act.

The results of our cost test for Himalya indicated all sales were at prices above COP. We therefore retained all sales in our analysis and used them as the basis for determining NV.

The results of our cost test for Weikfield indicated that for certain products more than twenty percent of home market sales within an extended period of time were at prices below COP which would not permit the full recovery of all costs within a reasonable period of time. *See* 773(b)(2) of the Act. In accordance, with section 773(b)(1) of the Act, we excluded these below-cost sales from our analysis and used the remaining sales as the basis for determining NV.

#### Price-to-Price Comparisons

For both Himalya and Weikfield, we based NV on the price at which the foreign like product is first sold for consumption in the home market, in the usual commercial quantities and in the ordinary course of trade, and at the same LOT as EP or CEP, as defined by section 773(a)(1)(B)(i) of the Act.

Home market prices were based on either ex-factory or delivered prices. We reduced the starting price for discounts (Himalya and Weikfield) and movement

expenses (Weikfield only as Himalya's sales are ex-factory), where appropriate, in accordance with section 773(a)(6) of the Act and 19 CFR 351.401. We also reduced the starting price for packing costs incurred in the home market, in accordance with section 773(a)(6)(B)(i), and increased NV to account for U.S. packing expenses in accordance with section 773(a)(6)(A). We made circumstance-of-sale adjustments for credit expenses and commissions, where appropriate, pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410. In addition, we made adjustments to NV, where appropriate, for differences in costs attributable to differences in the physical characteristics of the merchandise, pursuant to section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. For Weikfield, we made an adjustment to NV to account for commissions paid in the home market but not in the U.S. market, in accordance with 19 CFR 351.410(e). As the offset for home market commissions, we applied the lesser of home market commissions or U.S. indirect selling expenses. *See* below for a discussion of the calculation of U.S. indirect selling expenses. Finally, for comparisons to CEP sales (Himalya only), we made a CEP offset pursuant to section 773(a)(7)(B) of the Act and 19 CFR 351.412(f). We calculated the CEP offset as the lesser of the indirect selling expenses on the comparison-market sales or the indirect selling expenses deducted from the starting price in calculating CEP.

Weikfield reported home market commissions paid to its affiliate, WPCL, and to unaffiliated parties. In its supplemental questionnaire response, Weikfield claims that the commissions paid to WPCL are actual payments resulting from specific sales and not intracompany transfers. Weikfield states that the commissions paid to WPCL are at a different rate than those commissions paid to unaffiliated parties because of the services provided by WPCL in procuring business for Weikfield.

With respect to commissions paid to affiliated parties, the Department's practice is to treat payments to affiliated parties providing services that relate to the sale of merchandise as commissions if they are actual expenditures resulting from specific sales and are not intracompany transfers. The Department allows these expenses as direct deductions to price if they are at arm's length and tie directly to sales (*see, e.g., Final Results of Antidumping Duty Administrative Review, Large Newspaper Printing Presses and Components Thereof, Whether*