

basis for its estimation of certain expenses, and, where appropriate, also based its estimates for such expenses on actual figures incurred in the course of its own selling activities. Petitioner indicates this approach is a reasonable and appropriate way to calculate CEP because the selling process for thermal transfer ribbon is uniform within the United States, and the selling activities performed by respondents' U.S. affiliates for their U.S. customers are largely the same as those performed by petitioner for its customers in the United States. *See* Petition at 49. Where known differences between petitioner's and respondents' operations exist, petitioner adjusted selling expenses accordingly to account for such differences.

Petitioner adjusted the U.S. prices for ocean freight, marine insurance, U.S. duties, packaging expenses, indirect selling expenses incurred by the respondent's U.S. affiliate, inventory carrying costs in transit, and a figure for CEP profit. Where possible, these expenses were based upon petitioner's actual experience; where petitioner lacked such data, petitioner made reasonable estimates as described above. Petitioner based CEP profit for the respondent, Armor SA, upon the experience of Dai Nippon Printing, a Japanese TTR producer. Petitioner explained this was a reasonable surrogate figure because no sector-specific profit data are available for the French TTR industry. With respect to selling expenses incurred in France, petitioner indicates there is no basis to believe that such expenses would differ for thermal transfer ribbon destined for the United States versus merchandise sold in the home market. Therefore, petitioner claims it is reasonable to consider such expenses to be equal for sales to the United States and in the home market. We have accepted this methodology for purposes of this initiation.

Normal Value

With respect to normal value (NV), petitioner relied on foreign market research to obtain information on the prices of two grades of thermal transfer ribbon sold in the French market. This sales information is contemporaneous with the pricing information used as the basis for CEP, and represents products which are either identical or similar to those sold in the United States. *See* Petition Exhibits A-7 and A-8.

The petitioner also provided information demonstrating reasonable grounds to believe or suspect that sales of TTR in the home market were made at prices below the fully absorbed cost

of production (COP), within the meaning of section 773(b) of the Tariff Act, and requested that the Department initiate a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Tariff Act, COP consists of cost of manufacture (COM), selling, general and administrative (SG&A) expenses, and packing. The petitioner calculated COM based on the experience of a U.S. TTR producer, adjusted for known differences based on petitioner's knowledge of French TTR producers' operations and other publically available data. *See* Petition at 64 and Exhibit B-14, and Petitioner's June 13, 2003 submission at 20 through 22 and Exhibit B-27. According to the petitioner, these are the most specific cost data reasonably available. The U.S. producer's figures are reasonable to use to estimate French producers' costs because, according to the petitioner, U.S. and French producers have similar production processes. Petitioner states it was unable to obtain French producers' cost of production data. Petitioner determined French producers' raw materials cost, variable and fixed overhead, SG&A and packing cost based on the costs incurred by the U.S. producer and adjusted for the known differences. *See id.* Petitioner valued labor costs based on the U.S. producer's production experience adjusted for known differences and French hourly wages in U.S. dollars as posted on the Department's web site.

Based upon a comparison of the price of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(i) of the Tariff Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Tariff Act, the petitioners also based NV for sales in France on constructed value (CV). *See* Petitioner's June 18 submission. The petitioner calculated CV using the same COM, SG&A and interest expense figures used to compute the COP. Consistent with 773(e)(2) of the Tariff Act, the petitioners included in CV an amount for profit. For profit, the petitioners relied upon amounts reported for the Japanese company Dai Nippon Printing's printing business segment for the year ending March 2002. Petitioner states it was unable to obtain specific and detailed financial data for Armor, the French TTR company and believes it reasonable to

use the rate for Dai Nippon Printing as a surrogate for a French TTR company. However, we do not believe the Dai Nippon Printing profit rate is a reasonable surrogate for profit on the sales in the ordinary course of trade in France for purposes of this initiation. For initiation purposes, we have recalculated CV without regard to profit, as we have no acceptable surrogate profit rate on the record. Should the need arise to use the profit rate suggested by the petitioners as facts available under section 776 of the Tariff Act in our preliminary or final determination, we may reexamine the information developed on the French TTR industry and, if appropriate, revise the margin calculations.

The estimated dumping margin for subject merchandise from France, based on comparisons of CEP and NV, range between 16.5 and 60.6 percent. The estimated margin for France based on a comparison of CEP to CV is 57.7 percent.

Japan

Constructed Export Price

To calculate CEP petitioner obtained pricing information for certain wax and wax/resin products sold to unaffiliated parties in the United States, and comparable to the products sold in the home market. Petitioner made certain adjustments to this selling price for specific expenses that would be incurred by foreign producers of the subject merchandise for sales made in the United States. Because petitioner was unable to obtain actual data for selling expenses incurred by respondents in the United States, petitioner obtained price quotes as a basis for its estimation of certain expenses, and, where appropriate, also based its estimates for such expenses on actual figures incurred in the course of its own selling activities. Petitioner indicates this approach is a reasonable and appropriate way to calculate CEP because the selling process for thermal transfer ribbon is uniform within the United States, and the selling activities performed by respondents' U.S. affiliates for their U.S. customers are largely the same as those performed by petitioner for its customers in the United States. *See* Petition at 49. Where known differences between petitioner's and respondents' operations exist, petitioner adjusted selling expenses accordingly to account for such differences.

Petitioner adjusted the U.S. prices for ocean freight, marine insurance, U.S. duties, packaging expenses, indirect selling expenses incurred by a