

## SECTION D

### Factors of Production Questionnaire

#### I. General Explanation of Section D

This section of the antidumping questionnaire instructs you on how to report the **factors of production** ("factors") of the **subject merchandise**. Please refer to the cover letter to determine your reporting requirements.

##### A. Factors of Production

Factors of production are used to construct the value of the product sold by your company in the United States. The Department will use the input amounts you report, along with the appropriate price from the chosen **surrogate country**, to construct the **normal value** of the subject merchandise sold by your company to the U.S. market. Surrogate values for overhead, selling, general and administrative ("SG&A") expenses and profit will also be added. Unless otherwise instructed by the Department, you should report factors information for all models or product types in the U.S. market sales listing submitted by you (or the exporter) in response to Section C of this questionnaire. The reported amounts should reflect the factors of production used to produce one unit of the subject merchandise.

If you have any questions regarding how to compute the factors of the subject merchandise, please contact the official in charge before preparing your response to this section of the questionnaire.

##### B. Reporting Period for Factors of Production

Calculate the per-unit factor amounts based on the actual inputs used by your company during the period of investigation ("POI") as recorded under your normal accounting system. If your company's fiscal year ended within three months of the end of the POI, however, you may contact the official in charge to determine whether you can report factors based on your company's last two quarters. If you have any questions regarding the appropriate calculation period, please contact the official in charge before preparing your response to this section of the questionnaire.

##### C. Calculating Weighted-Average Factors of Production

If you produce the subject merchandise at more than one facility, you must report the factor use at each location. You must also report the output of the subject merchandise at the various facilities during the POI.

D. Reporting requirements

If your company did not produce the subject merchandise, we request that this section be immediately forwarded to the company that produces the subject merchandise and supplies it to you or to your customers.

II. Production Process and Products

The information requested below is necessary for the Department to understand your products and production processes. We therefore ask that you provide complete and detailed narrative responses to each of the items listed below.

A. Production Process

The following questions will provide information on your company's production process:

1. Please specify whether you produce all of the subject merchandise on site. List the plants where the subject merchandise is produced.
2. Provide a detailed description of the production process utilized for the production of the subject merchandise. The description of the process should include, but not be limited to:
  - a. A diagram of the process
  - b. A technical description of each stage of the process.

For each stage of the process you must indicate the material inputs, the processing time, the types of equipment used, the number of people involved in the process, and any subsidiary products generated as a result of the production of the subject merchandise.

B. Products

1. Report the total quantity of the subject merchandise produced in each factory during the POI.
2. List the products your company produces. Identify all products manufactured using the same production facilities as the subject merchandise.

III. Market-Economy Inputs

List the inputs that your company purchased from a market economy supplier and paid for in a market economy currency during the POI. For raw material inputs and packing materials, please report the price you actually paid for a specified quantity of inputs. If you used a service (e.g., trucking) from a market economy supplier, and paid market economy currency, please report the price you actually paid for the service. For these prices, please provide the following information:

- a. From which market economy country did you purchase the good and in what currency did you pay?
- b. Provide all details of the transaction, including the name of the supplier, your relationship with that supplier, the source country, terms of payment and any other arrangements you have made.
- c. Detail the percentage you purchased from a market-economy country and the percentage you purchased from a nonmarket economy supplier.

IV. Instructions for Submitting Factors Data File

In accordance with the instructions provided below, prepare a computer data file reporting the inputs used to produce the subject merchandise.<sup>1</sup> The file should contain factor information relating to the subject merchandise produced for sale in the United States.

Instructions regarding the specific information required to complete each data field for the factors information are provided below. These instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file, and

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<sup>1</sup>Refer to the Instructions for Computer Tapes and Floppy Diskettes at Appendix II for technical information regarding the computer media required by the Department.

"NARRATIVE" describes the additional information that we request you provide, not in the computer data file, but in a narrative response.

A. Factors Computer File Instructions

The factors file should contain information relating to the merchandise manufactured for sale in the United States.

**FIELD NUMBER 1.0: Matching Control Number**

FIELD NAME: CONNUM

DESCRIPTION: Report the unique control number assigned to the model in the U.S. sales file in Section C of this questionnaire. Unless otherwise instructed by the Department, you should ensure that your factors computer file contains a separate record for each unique product control number contained in your U.S. sales file.

Fields 2.0 through 10.0.

These fields should contain information regarding the specific factors used to produce the subject merchandise. Before calculating, choose a unit of measure for which you will calculate the factors (e.g., calculate factors based on the production of one metric ton of the subject merchandise or based on the production of one item of the subject merchandise). If you receive any of the inputs used in your production process for free, you must include the amount of that input used. If your company manufactured the subject merchandise at more than one facility, separately report the amount produced in each facility. In addition, you must provide a narrative description detailing how you computed the weighted-average factors figures.

**FIELD NUMBER 2.0: Raw Materials Amounts**

FIELD NAME: Various names

DESCRIPTION: Report the raw materials used to produce a unit of the subject merchandise. These amounts should be reported on a per unit basis (e.g., per metric ton, per unit of merchandise, etc.)

NARRATIVE: Describe the method used to calculate the reported amounts. If any raw material amounts are reduced because of recycled scrap, provide the names of those inputs and the reduction made. Also, on a separate sheet, please detail the means of transport and the distance each material traveled from the supplier to your factory. If you have multiple suppliers, please provide the distance from each supplier to your factory, and the percentage amount purchased from each supplier. Describe each type and grade of material used in the production process.

**FIELD NUMBER 3.0: Unskilled Labor Hours**

FIELD NAME: UNSKLAB

DESCRIPTION: Report the unskilled labor hours required to produce a unit of the subject merchandise. Note that these should be the actual labor hours worked, not standard labor times. Unskilled labor should include all unskilled production workers, inspection/testing workers, relief workers, and any other unskilled workers directly involved in producing the merchandise. In addition, your reported unskilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

NARRATIVE: Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe the labor you classified as unskilled.

**FIELD NUMBER 4.0: Skilled Labor Hours**

FIELD NAME: SKLAB

**DESCRIPTION:** Report the skilled labor hours required to produce a unit of the subject merchandise. Skilled labor includes supervisors, senior engineers, technicians, quality control, etc. Skilled labor should include all skilled production workers, inspection/testing workers, relief workers, and any skilled other workers directly involved in producing the merchandise and not reported as unskilled labor. In addition, your reported skilled labor hours should include the hours worked by any contract labor hired by your company to assist in the production of the merchandise.

**NARRATIVE:** Describe the allocation of actual labor hours to the production of subject merchandise. Also, describe how you determined that labor was skilled.

**FIELD NUMBER 5.0: Indirect Labor Hours**

**FIELD NAME:** SKLAB

**DESCRIPTION:** Report the indirect labor hours required to produce a unit of the subject merchandise. Indirect labor includes all workers not previously reported who are indirectly involved in the production of the subject merchandise.

**NARRATIVE:** Describe the allocation of indirect labor hours to the production of subject merchandise. Also, describe how you determined that labor was indirect. Report any other labor that you have not included.

**FIELD NUMBER 6.0: Energy**

**FIELD NAME:** ELECTRIC, WATER, GAS, COAL, etc.

**DESCRIPTION:** Report the energy used to produce one unit of the subject merchandise. If you used a fuel to generate electricity, please report the fuel actually used.

**NARRATIVE:** Discuss how you calculated the reported energy usage and provide supporting worksheets. Also, please discuss your use of energy. How important is energy in your production process? Also, if the energy is transported to your factory, please report the distance it travels. Please report any additional expenses (besides its transportation) you incur in acquiring any energy input.

**FIELD NUMBER 7.0: Byproducts or Co-Products**

FIELD NAME: Various

DESCRIPTION: Please report the amount of byproducts or co-products produced per unit of subject merchandise. Please report each co-or by-product in separate columns. Identify only those co- or by-products that do not reenter the production process.

**FIELD NUMBER 8.0: Packing Materials**

FIELD NAME: Various

DESCRIPTION: Report in separate columns each type of packing material and the quantity used to pack a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the method used to pack the subject merchandise for shipment to the United States.

**FIELD NUMBER 9.0: Unskilled Packing Labor**

FIELD NAME: PAKUNLBR

DESCRIPTION: Report in separate columns the unskilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was unskilled.

**FIELD NUMBER 10.0: Skilled Packing Labor**

FIELD NAME: PAKSKLBR

DESCRIPTION: Report in separate columns the skilled labor hours necessary for packing a unit of the subject merchandise for export to the United States.

NARRATIVE: Describe the allocation of packing labor hours to the production of subject merchandise. Also, describe how you determined that the reported labor was skilled.

## SECTION E

### Cost of Further Manufacture or Assembly Performed in the United States

#### I. General Explanation of Section E Questionnaire

This section of the antidumping questionnaire provides instructions for reporting the costs incurred for **further manufacture or assembly** of the subject merchandise in the United States.

##### A. Cost of Further Manufacture or Assembly

Further manufacture or assembly ("further manufacturing") costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expenses, interest expenses, additional U.S. packing expenses, and any costs involved in moving the product from the U.S. port of entry to the further manufacturer. The U.S. further manufacturing costs that you report in detail in this section of the questionnaire must be reported in total in data field 50.0 of your company's U.S. sales listing submitted in response to Section C of this questionnaire.

##### B. Reporting Period for Further Manufacturing Costs

The further manufacturing costs that you report in response to this section of the questionnaire should be calculated based on the actual costs incurred by your U.S. affiliate (the "company") during the period of investigation ("POI") or period of review ("POR"), as recorded under its normal accounting system. If the company's fiscal year ends within three months of the POI or POR, however, you may contact the official in charge to determine whether you can report further manufacturing costs based on the company's fiscal year. If you have any questions regarding the appropriate cost calculation period for the merchandise under investigation, please contact the official in charge before preparing your response to this section of the questionnaire.

##### C. Weighted-Average Further Manufacturing Costs

The further manufacturing costs that you report in response to this section of the questionnaire should be calculated on a weighted-average basis using production quantity as the weighting factor. If you further manufactured the subject merchandise at more than one U.S. facility, you must report the weighted-average of the further manufacturing costs from all such facilities. If you have any questions regarding how to compute the weighted-average further manufacturing

costs for the subject merchandise, please contact the official in charge before preparing your response to this section of the questionnaire.

## II. General Information

The general information requested below is necessary in order for the Department to better understand the company's operations, its products and production processes, and its financial and cost accounting practices. We therefore ask that you provide complete and detailed narrative responses to each item listed below.

### A. Products and Production Process

Provide a narrative description of the further manufacturing process for the subject merchandise shipped to the United States. Your description should address each of the items 1 through 5 listed below.

1. Identify and describe the U.S. production facilities used to further manufacture the subject merchandise. If further manufacturing operations take place at more than one facility, identify each facility and describe the production activities that take place there. Identify all products manufactured using the same production facilities used to further manufacture the subject merchandise.
2. Provide a flowchart that details the complete U.S. production cycle for the subject merchandise. This should include descriptions of each stage of production and the locations of primary cost centers.
3. Provide a description of how the company keeps account of processing yields or losses throughout the further manufacturing production cycle. Indicate all stages in the production cycle for which processing yields are measured.
4. List the inputs used to further manufacture the subject merchandise, including specific types of raw materials, labor, electricity, or other power supply, machinery and equipment, and subcontractor services. Indicate whether any of these materials or services were purchased from an affiliated party (i.e., **affiliated person**). If so, specify the basis used by the company to value the input for further manufacturing costs (e.g., cost of producing the input or the transfer price from the affiliated party).

### B. Financial Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will help us to understand the company's accounting practices and the system it uses to accumulate and summarize accounting data.

1. State whether the company's financial accounting practices are in accordance with generally accepted accounting principles ("GAAP") in the United States.
2. Provide a flowchart illustrating the company's basic financial accounting books and record keeping system. Indicate in your flowchart all subsidiary ledgers, including raw materials, inventory, and sales and accounts receivable ledgers. Show in your flowchart how data from the company's financial accounting system are summarized in its financial statements.
3. (NOTE: Provide an answer to the following question only if your company is responding to the antidumping questionnaire as part of an administrative review.) List and describe any changes to the company's financial accounting practices that have taken place since the most recent segment of this proceeding for which the company submitted further manufacturing cost data, if any.

C. Cost Accounting

Provide narrative responses to the following questions as they relate to the company that performs further manufacturing of the subject merchandise. This information will provide us with an understanding of the cost accounting system used by the company in its normal course of business.

1. Describe the company's cost accounting system and how it is used to classify, allocate, aggregate, and record the costs incurred to further manufacture the subject merchandise. Your description should be provided in narrative form and should include a flow chart that 1) illustrates how the system records and reports costs for the merchandise throughout the production process, and 2) shows the various subsidiary cost ledgers maintained under the system and how they reconcile to the company's normal financial statement data.
2. Provide a list of all direct, indirect, and common cost centers. Briefly describe the operations that take place at each of these cost centers. For direct cost centers, describe how the production costs are accumulated and charged to the merchandise produced. For indirect and common cost centers, describe how the costs incurred are accumulated and allocated to the direct cost centers.
3. Describe the level of product specificity over which the company's cost accounting system normally captures production costs. Explain how the product-specific costs as recorded in the company's normal accounting system compare to the model-specific costs reported for further manufacturing.
4. State whether the company's cost accounting system accumulates costs for the subject merchandise based on the actual production costs incurred or on standard or budgeted costs. If the company's cost accounting system is based on standard or budgeted costs, then provide the following information:
  - a. the types of variances recorded under the company's cost accounting system and how they are used by management in the normal course of business (for each type of variance, identify the level of product specificity for which the variance is measured);
  - b. the period for which the company computes and records each type of variance;
  - c. the methods used to develop each type of variance used in the company's cost accounting system;

- d. the frequency with which the company revises its standard or budgeted costs, including the date on which the latest revision was made; and
  - e. the disposition of favorable or unfavorable variances (including under- or over-applied overhead) resulting from production operations during each accounting period (e.g., charge to cost of sales, prorate between cost of sales and inventory balances).
5. List and describe any production costs incurred by the company that are valued differently for cost accounting purposes than for financial accounting purposes.
6. (NOTE: Provide an answer to the following question only if your company is responding to the antidumping questionnaire as part of an administrative review.) List and describe any changes to the company's cost accounting system that have taken place since the most recent segment of this proceeding for which the company submitted further manufacturing cost data, if any. Include any changes in cost allocation factors such as changes in standard production costs, standard processing times or other methods used to allocate costs to individual units of production.

### III. Response Methodology

The per-unit further manufacturing cost figures that you provide in response to this section of the questionnaire must reconcile to the actual costs reported in the company's cost accounting system and to accounting records used by the company to prepare its financial statements. If the company normally uses a cost accounting system based on actual costs, you should use that system for purposes of computing your submitted further manufacturing cost amounts. Similarly, if the company uses a standard cost accounting system, you should use that system for purposes of computing further manufacturing costs. In such case, however, you must also ensure that you have allocated to the further manufacturing costs all variances resulting from differences between standard and actual production costs. If you do not intend to use the company's normal accounting system and cost allocation methods to compute further manufacturing cost for the subject merchandise, you must contact the official in charge before preparing your response to this section of the questionnaire.

#### A. Description of Response Methodology

Provide a narrative description of the methodology that you used to compute the company's submitted further manufacturing costs. Your description should address items 1 and 2 below.

1. Describe how you used the company's normal cost and financial accounting

records to compute the per-unit further manufacturing cost figures reported in response to this section of the questionnaire. Include in your description a discussion of how you used the company's accounting system and actual cost and financial accounting data to compute each of the following cost elements relating to the submitted further manufacturing cost figures:

- a. direct materials;
  - b. direct labor;
  - c. factory overhead;
  - d. research and development ("R&D") costs;
  - e. general and administrative expenses (including all miscellaneous income and expense items); and
  - f. net interest expense.
2. List and describe in detail any differences between costs computed under the company's normal cost and financial accounting systems and the costs submitted in response to this section of the questionnaire. Include in your description the reasons why it was necessary for you to depart from the company's normal accounting practices in order to compute the submitted further manufacture costs.

IV. Instructions for Submitting Further Manufacturing Cost Data File

In accordance with the instructions provided below, prepare a computer file reporting the costs incurred to further manufacture the subject merchandise in the United States. Instructions regarding the specific information required to complete each data field for the further manufacturing cost file are provided below. These instructions combine the questionnaire with the computer data file format. "FIELD NUMBER" includes the number and descriptive name of the field in the computer data file. "FIELD NAME" includes the "short" or variable name for the submitted hard copy printouts of the data file. "DESCRIPTION" defines the data that you must report in the field of the computer data file, and "NARRATIVE" describes the additional information that we request you provide, not in the computer data file, but in a narrative response.

Field Numbers 1.0 and 2.0.
For each file record, report in these fields the product code for each further manufactured product and the matching control number for each unique model of the subject merchandise

that was further manufactured in the United States. This information should allow the Department to match the detailed further manufacturing cost data to the total further manufacturing cost data provided in Section C of this questionnaire.

**FIELD NUMBER 1.0: Complete Product Code**

FIELD NAME: PRODCODU

DESCRIPTION: Report the commercial product code assigned by the company in the normal course of business to the specific further manufactured product sold in the United States.

**FIELD NUMBER 2.0: Matching Control Number**

FIELD NAME: CONNUMU

DESCRIPTION: Report the unique control number assigned to the model (as imported) from the U.S. sales files in Section C of the antidumping questionnaire. Unless otherwise instructed by the Department, you should ensure that your further manufacturing cost computer file contains a record for each unique product control number contained in the U.S. sales file which required further manufacturing in the United States.

Field Numbers 3.0 through 7.0.

These fields should contain information regarding the specific cost elements incurred to further manufacture the subject merchandise in the United States. The further manufacturing costs include direct materials and fabrication costs actually incurred by the company. If the company performed further manufacturing operations for the subject merchandise at more than one facility, the amounts reported for COM should be based on the weighted-average manufacturing costs from all facilities.

**FIELD NUMBER 3.0: Direct Materials Cost**

FIELD NAME: FURMAT

**DESCRIPTION:** Report the costs incurred for direct materials used to further manufacture the subject merchandise. This should include transportation charges and other expenses normally associated with obtaining the materials that become an integral part of the finished product sold in the United States. Direct materials costs include only the costs incurred for materials added in the United States and not the cost of the imported subject merchandise. However, in addition to the cost of any U.S. direct materials, you should include in this field the costs incurred for 1) any movement charges incurred to transport the subject merchandise from the port of entry to the company's U.S. further manufacturing facilities, and 2) the actual costs incurred for any yield loss in connection with the further manufacture of the subject merchandise in the United States. (Note that you should compute the amount of any yield loss taking into account both the cost of the imported subject merchandise and the costs incurred for U.S. further manufacturing.)

**FIELD NUMBER 4.0: Direct Labor Costs**

**FIELD NAME:** FURLAB

**DESCRIPTION:** Report the direct labor costs incurred to further manufacture the subject merchandise. Direct labor should include the costs incurred for all production workers, inspection/testing workers, relief workers, and any other workers directly involved in further manufacturing the subject merchandise in the United States. Direct labor should consist of the workers' base pay, overtime pay, incentive wages, shift differentials, bonuses, and any other form of wages or benefits paid to them by the company (e.g., vacation, holidays, sick pay, insurance, government mandated social programs). In addition, your reported direct labor costs should include the full amount incurred for any contract labor hired by the company to further manufacture of the merchandise.

**FIELD NUMBER 5.0: Factory Overhead Costs**

**FIELD NAME:** FURFOH

**DESCRIPTION:** Report the factory overhead costs incurred to further manufacture the subject merchandise. Overhead costs may include costs incurred for indirect materials, indirect labor, and manufacturing utilities, as well as costs incurred for building or equipment rental, depreciation, supervisory labor, plant property taxes, factory administrative costs, and any other variable or fixed costs associated with packing the further manufactured merchandise. In addition, R&D costs that relate specifically to the further manufacturing operations should normally be included in overhead.

**NARRATIVE:** If you have not already done so in response to question III.A.1., provide a list showing each category of costs included in your reported overhead cost figures for the subject merchandise.

**FIELD NUMBER 6.0:** **Total Production Cost**

**FIELD NAME:** FURCOM

**DESCRIPTION:** Report the total production costs incurred to further manufacture the subject merchandise computed as the sum of data fields 3.0 through 5.0.

Field Numbers 7.0 and 8.0
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These fields should contain information regarding general and administrative ("G&A") expenses and net interest expense incurred in connection with the further manufacture of the subject merchandise in the United States.
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**FIELD NUMBER 7.0:** **General and Administrative Expenses**

**FIELD NAME:** FURGNA

**DESCRIPTION:** Report the per-unit G&A expenses incurred by the company in connection with the U.S. further manufacture of the subject merchandise. G&A expenses are those period

expenses that relate to the activities of the company as a whole and are not identified with a particular operation. G&A expenses include amounts incurred for general R&D activities, executive salaries and bonuses, and other operations relating to the company's U.S. corporate headquarters. You should also include in your reported G&A expenses an amount for administrative services performed on the company's behalf by its parent company or other affiliated party.

You should compute G&A expenses on an annual basis as a ratio of the company's total G&A expenses divided by its cost of sales (less the cost of the imported subject merchandise). In calculating the company's G&A ratio, you should rely on full-year G&A expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POI or POR. To compute the amount of per-unit G&A expense, you should multiply the G&A expense ratio by the per-unit further manufacturing cost for the subject merchandise.

**NARRATIVE:**

Provide a worksheet reconciling amounts reported in the company's audited financial statements to the G&A expenses submitted in your further manufacturing cost computer file. In addition to reporting G&A expenses, the worksheet reconciliation should identify in detail all non-operating and extraordinary items of income and expenses reported in the company's financial statements and should show how these amounts were treated for purposes of computing G&A expenses for further manufacturing costs.

**FIELD NUMBER 8.0:**

**Net Interest Expense**

**FIELD NAME:**

FURINT

**DESCRIPTION:**

Report the per-unit net interest expense incurred by the company in connection with the further manufacture of the subject merchandise. You should compute net interest

expense on an annual basis as a ratio of the company's total net interest expense divided by its cost of sales (net of the cost of the imported subject merchandise). In calculating the company's net interest ratio, you should rely on full-year net interest expense and cost of sales figures reported in the company's audited financial statements for the year that most closely relates to the POI or POR. If the company is a member of a consolidated group of companies, then you should base your interest expense calculation on the consolidated financial statements of the group. To compute the amount of per-unit net interest expense, you should multiply the net interest expense ratio by the per-unit further manufacturing cost of the subject merchandise.

**NARRATIVE:**

Provide a worksheet illustrating how you used amounts reported in the company's or group's audited financial statements to compute the net interest expense reported in your further manufacturing cost computer file. If you based your net interest expense computation on the financial statements of the consolidated group of companies of which the company is a member, and you have not provided those statements in response to Section A of this questionnaire, please submit a translated copy of the statements with your response to this section of the questionnaire.

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