

6.4 Constructed Value

Where third country sales cannot be used to establish normal value because such sales are outside of the ordinary course of trade or are inadequate in volume to provide a representative comparison, the U.S. price is compared to constructed value. This is calculated as manufacturing costs in the country of origin, plus reasonable amounts for administrative, selling and general costs, and for profits.

In calculating profit, pre-Uruguay Round law required Commerce to include the higher of actual profit or 8% of the total cost of manufacture and general expenses. Selling, general and administrative expenses (SGA) were calculated as a minimum of 10% of the cost of manufacture, or actual expenses, whichever was higher.³⁰ In calculating constructed value, Commerce now uses companies' actual general expenses and profits based on sales of the like product at above-cost prices.³¹

When the requisite information is not available to determine actual profit earned on sales of the foreign like product in the ordinary course of trade, Commerce may use one of three alternative means of calculating actual SGA and profit:

- 1) the actual amount of SGA and profit incurred by the producer/exporter on sales of the same general category of products by the same producer; or
- 2) the weighted-average, actual amount incurred by other producers/exporters subject to the investigation or review for SGA and profit on sales of the like product made in the ordinary course of business; or
- 3) the actual amount of SGA and profit incurred by any other reasonable method, not to exceed the amount normally realized by other producers/exporters for sales in the same category as the subject merchandise.

7 Export Price

Export price is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter outside the United States to an unaffiliated purchaser in the United States or an unaffiliated purchaser for exportation to the United States.³²

7.1 Adjustments

In order to calculate an accurate ex-factory export price, the starting price (gross unit price) to the first unaffiliated customer in the United States is reduced to account for any:

30 19 U.S.C. § 1677b (c) (1) (B).

31 19 U.S.C. § 1677b (c) (2) (A) (1994).

32 19 U.S.C. § 1672 (a).