

we apply the separate rate test to individual companies "owned by all the people." However, in this case, groups of individual companies "owned by all the people" are presenting themselves as single business units. The relationship between these companies (i.e., CMIECHN and CNIECHN, and HIED and its "subsidiaries" Zhuhai and Ming Hua) appears to be "corporate" in nature. We are uncertain of what significance we should attach to these corporate relationships in the PRC. Thus, for purposes of the preliminary determination, when the facts presented to the Department indicate that respondents are operating as individual business units, we have applied the Department's separate rates analysis to the business unit (i.e., two or more "owned by all the people" companies operating in unison), as opposed to the individual companies "owned by all the people."

HIED and its subsidiaries, Zhuhai and Ming Hua, are treated as one business entity in HIED's response. Similarly, the responses of CMIECHN/CNIECHN characterize these two companies as a single business entity. The information provided in the questionnaire and supplemental questionnaire responses appears to support these characterizations. Accordingly, the Department considers HIED and its subsidiaries (Zhuhai and Ming Hua), and CMIECHN/CNIECHN to be single business entities for purposes of the preliminary determination.

In response to our questionnaires, HIED, GWIEEC, CMIECHN/CNIECHN, MINMETALS, and CEIEC have each asserted that they: (1) Are allowed to retain the proceeds from export sales; (2) maintain their own unrestricted bank accounts, including foreign exchange earnings which have been converted into renminbi (RMB); (3) are able to sell assets; (4) set prices independently of government direction; (5) base the prices charged customers on arm's length negotiations without governmental interference; (6) are not subject to foreign exchange targets set by either the central or provincial governments; and (7) select their own management without outside interference.

Based on these claims and information regarding their operations, we have determined that HIED, CMIECHN/CNIECHN, MINMETALS, and CEIEC, have preliminarily met the criteria for the application of separate rates. With respect to HIED and its subsidiaries (Zhuhai and Ming Hua), and CMIECHN/CNIECHN, we will examine at verification the extent to

which these companies operate as single business entities.

For this preliminary determination, we have denied GWIEEC's claim for a separate rate. The standard for a separate rate claim requires that respondent demonstrate, inter alia, that the company has autonomy from the government in making decisions regarding selection of management. In its response, GWIEEC asserted that the government does not exercise control over the company's decision making either directly or indirectly through its first and second tier holding companies. GWIEEC's response indicates that the company's president is selected internally. However, the response also indicates that the president is appointed by one or both of the first and second tier holding companies. Moreover, GWIEEC's response indicates that the senior management of the first and second tier holding companies is "selected under the auspices" of a government ministry. Although the Department requested that this statement be clarified, the role of the government in the selection process remains unclear at this time. Further, the nature and function of the appointment process for GWIEEC's president is unclear. Accordingly, GWIEEC has not demonstrated to the Department's satisfaction that the company has autonomy from the government in making decisions regarding selection of management, and thus has not met the standard for the Department to grant a separate rate for purposes of this preliminary determination.

#### Surrogate Country

Section 773(c)(4) of the Act requires the Department to value the NME producers' factors of production, to the extent possible, in one or more market economies that (1) Are at a level of economic development comparable to that of the NME country and (2) are significant producers of comparable merchandise. The Department has determined that India is the most suitable surrogate for purposes of this investigation. Based on available statistical information, India is at a level of economic development comparable to that of the PRC, and Indian export statistics indicate that the country is a significant producer of comparable merchandise.

#### Fair Value Comparisons

To determine whether sales of manganese metal from the PRC by HIED, GWIEEC, CMIECHN/CNIECHN, MINMETALS, and CEIEC were made at less than fair value, we compared the

United States price (USP) to the foreign market value (FMV), as specified in the United States Price and Foreign Market Value sections of the notice.

#### United States Price

For all respondents, we based USP on purchase price, in accordance with section 772(b) of the Act, because manganese metal was sold directly to unrelated parties in the United States prior to importation into the United States, and because exporter's sales price (ESP) methodology was not indicated by other circumstances. Where appropriate, we calculated purchase price based on packed, FOB-port, C&F, and CIF prices to unrelated purchasers in the United States. We made deductions to these prices for foreign inland freight, containerization, loading, port handling expenses, and marine insurance, as appropriate. Generally, costs for these items were valued in the surrogate country. However, where transportation services were purchased from market economy suppliers and paid for in a market economy currency, we used the cost actually incurred by the exporter.

#### Foreign Market Value

In accordance with section 773(c) of the Act, we calculated FMV based on factors of production reported by the factories in the PRC which produced the subject merchandise for the five exporters analyzed in this determination. The factors used to produce manganese metal include materials, labor and energy. To calculate FMV, the reported factor quantities were multiplied by the appropriate surrogate values from India for those inputs purchased domestically from PRC suppliers. Where a respondent failed to provide certain factor information in a usable form, we have relied upon publicly available information from the petition as best information available in valuing these factors.

In determining which surrogate value to use for each factor of production, we selected, where possible, an average non-export value, which was representative of a range of prices within the POI, or most contemporaneous with the POI, specific to the input in question, and tax-exclusive.

With the exception of the manganese ore and one other input, the identity of which is business proprietary, we obtained surrogate material values from the following sources: the *Monthly Trade Statistics of Foreign Trade of India, Volume II—Imports*, August 1994, (*Indian Import Statistics*); *The Analyst: Import Reference 1993, Chemical and*